Austria Sch22	Indonesia Rp3100	Portugal Esc100
Bahrain Din0.650	Israel IS3.50	S.Arabia Rls6.00
Belgium BFr48	Italy L1600	Singapore S$4.10
Canada C$1.00	Japan Y600	Spain Pta125
Cyprus C£0.75	Jordan Fils500	Sri Lanka Rup30
Denmark DKr9.00	Kuwait Fils500	Sweden SKr8.00
Egypt E£2.25	Lebanon $L125.00	Switzerland SFr2.20
Finland Fmk7.00	Luxembourg LFr48	Taiwan NT$65
France FFr6.50	Malaysia Rlt4.25	Thailand Bht50
Germany DM2.20	Mexico Pes300	Tunisia Din0.800
Greece Dr100	Morocco Dh6.00	Turkey L500
Hong Kong HK$12	Netherlands Fl3.00	UAE Dh6.50
India Rup15	Norway NKr8.00	USA $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

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Trade: A transatlantic threat to the EC car market, Page 6

World News | Business Summary

Coup leader suspends plans for Fiji republic

Coup leader Col Sitiveni Rabuka held talks with three of Fiji's key civilian leaders and said he had suspended plans to declare the country a republic after releasing from detention former Prime Minister Timoci Bavadra.

Reports in New Zealand said there was mounting resistance by Indian and Melanesian citizens to the coup and some dissent among army officers - but coup leaders dismissed the reports as "hogwash." Page 20

US Gulf escort

Minesweeping helicopters led about 15 US warships into the Gulf after a gunboat apparently manned by Iranian Revolutionary Guards attacked a Greek tanker. The US said the warships were protecting two American-owned freighters.

Next Nato chief named

West German Defence Minister Manfred Woerner has been assured the job of Nato secretary-general when Lord Carrington retires next year, Bonn officials said. Page 3

Lebanese tax strike

Lebanese trade unions voted to launch a civil disobedience campaign, including a tax strike and an indefinite work stoppage, to protest against inflation which reached 245 per cent in the year to August.

Vatican challenge

Giovanni Goria's Italian coalition government faced a challenge from the Vatican over the teaching of religion in Italian schools. Page 2

Madrid bombings

Two bombs exploded near a central Madrid court where eight Basque guerrillas were on trial in connection with more than 17 killings, causing panic but no injuries.

Milk lake dries up

The EC milk "lake" was on the verge of drying up because tough production taxes and quotas had been too successful, the Dutch dairy federation said.

Curbs on Turks upheld

The European Court of Justice upheld West German restrictions on Turkish workers despite an EC agreement giving Turks the right eventually to move freely in the Community.

Manila coup alert

Soldiers and tanks were deployed on major roads in Manila after reports that rebel troops were moving to stage another coup attempt against President Corazon Aquino - but withdrew after the military said no mutineers tried to enter the city.

Sri Lanka violence

Six people were killed and several shops and homes burned when fresh Tamil-Sinhalese violence erupted in eastern Sri Lanka. A curfew was imposed.

Zimbabwe crackdown

In a fresh crackdown on the Zapu (PF) Party of opposition leader Joshua Nkomo, the Zimbabwe Government dissolved six opposition-run district councils in Matabeleland province, saying the 104 councillors had links to armed rebels.

Transkei millions 'lost'

South Africa's debt-ridden black homeland of Transkei lost about $22m because of improper actions by the two brothers who have ruled it since 1976, an inquiry commission said.

Najib tightens grip

Afghan leader Najib tightened his grip on government by taking over as head of state, a post due to acquire sweeping powers under a draft constitution being drawn up.

Electricity-cancer link

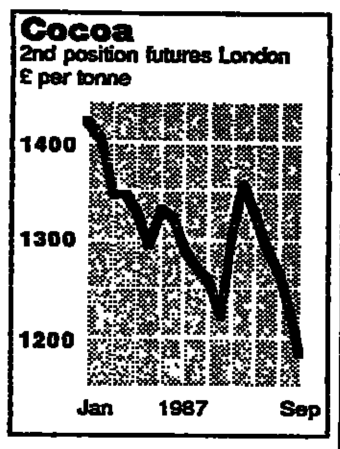
Possible links between cancer and exposure to electricity were being investigated by Danish researchers.

UK minister backs City of London watchdog

LORD YOUNG, the UK Secretary for Trade and Industry, pledged his full support for the Securities and Investments Board, the new markets watchdog body which has come under vociferous attack in the City of London. He said there would be no further delay in implementing the Financial Services Act. Page 11

BRITISH PETROLEUM, UK oil company which is raising £7.5bn ($12.15bn) in a share issue this month, announced it would also float a 10 per cent stake in its new US gold mining subsidiary. Page 44

COCOA prices fell to lowest levels since 1983 in London. The price for the December contract on the London Futures and Options Exchange closed at £1,187 a tonne, down £28.50 on Tuesday. On January 24 1983 the price stood at £1,183.50. Page 32



WALL STREET: The Dow Jones industrial average closed 5.71 up at 2596.28. Page 44

TOKYO: A technical rally in bonds sparked late buying with most interest in large-capital steels and chemicals. The Nikkei stock average added 12.88 to 26,010.88, its sixth consecutive daily gain. Page 44

LONDON: UK equities got off to a slow start but prices were steady until a brief flurry of blue chip selling which tripped the market lower before steadying towards the close. The FT-SE 100 index ended 2.3 down at 2366.0, with the FT Ordinary Index 3.9 lower at 1853.7. Details, Page 40

GOLD fell $1 on the London bullion market to close at $459.25. In Zurich it also fell to close at $459.05 ($459.75). Page 32

DOLLAR closed in New York at DM1.8440, Y146.50, SFr1.5370 and FFr6.1380. It rose in London to DM1.8435 (DM2.8395); to SFr1.5340 (SFr1.5285); to FFr6.1350 (FFr6.1225); and to Y146.45 (Y146.15). On Bank of England figures the dollar's exchange rate index rose 0.1 to 102.1. Page 33

STERLING closed in New York at $1.6250. It fell in London to close at $1.6255 ($1.6285); but rose to DM2.9975 (DM2.9950); to SFr2.4950 (SFr2.49); and to FFr9.9725 (FFr9.97); and remained unchanged at Y238.0. The pound's exchange rate index was unchanged at 73.1. Page 33

FINSIDER, Italy's struggling public sector steel company, has registered a first-half deficit of L580bn ($437.4m) and, according to the management, is losing money at an unsustainable rate. Page 23

REPSOL, Spain's newly created state-owned oil company, is conducting negotiations which may lead to Pemex, the Mexican state oil monopoly, taking a 10 per cent shareholding, possibly by the first quarter of next year. Page 23

JAPAN'S way of accounting bond futures may have to be reconsidered as yen bond trading grows increasingly international. Page 25

ZAMBIA'S decision to reverse the programme of economic reforms pressed on it by the IMF has buried a rare proposal for foreign investment in the country. Page 22

NATIONAL Mutual Royal Bank of Australia, a joint venture between Royal Bank of Canada and National Mutual Life Association of Australasia, said it acquired all the shares in Capel Court Powell, an Australian stockbroker. Page 22

Lawson urges move to managed rates for major currencies

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT, IN WASHINGTON

MR NIGEL LAWSON, Britain's Chancellor of the Exchequer, yesterday called for a decisive break with the system of free-floating exchange rates, established in 1973, in favour of a move to a permanent regime of managed rates.

His call, at the annual meeting of the International Monetary Fund, came as Mr James Baker, the US Treasury Secretary, suggested that a more prominent role should be given to the gold price in international economic policy and exchange rate management.

Mr Baker said that he was proposing consideration by the Group of Seven nations of the use of a new commodity price indicator, including gold. The indicator, he said, could be helpful as an early-warning signal of potential price trends.

He declined to elaborate on the proposal, but it prompted speculation among officials in other delegations over whether the US Federal Reserve might be considering mobilising its gold reserves.

Mr Lawson's speech, which had been under preparation in the UK Treasury for several weeks, emphasised his long-term commitment to the system of "managed floating" which industrial countries have been operating since February's Louvre Accord.

The informal target ranges which governments had been working with since then should be the basis for a more permanent system of exchange rate bands for the major currencies, he said.

- West German growth, Page 4
- Yugoslavia prepares to unveil austerity package, Page 4
- Ecuador loan talks make progress, Page 4
- Editorial comment, Page 18
- Money markets, Page 33

Mr Lawson added that he was not advocating a return to the Bretton Woods fixed exchange rate system, which operated until 1973. Governments should retain a degree of flexibility in terms of the width of the bands established around agreed central rates for their currencies.

He told journalists, however, that once the system had been established for some time, details of the bands could be published. If and when the time came to adjust one currency's value, the movement in its central rate would be confined to within the existing band. This would prevent the markets from being given a one-way bet and would allow central banks to retain tactical flexibility.

Mr Lawson said that he had discussed his ideas with other finance ministers in the Group of Seven. They were all agreed on the need for stable exchange rates, he said. But the Chancellor gave no clue as to the reaction to his detailed proposals.

Senior monetary officials here said that the thrust of the proposal was in line with the thinking of Mr Baker and that of Mr Eduard Balladur, the French Finance Minister. Earlier this week, Mr Balladur descibed the experience of floating rate as "disastrous."

It was far less certain, however, whether the British ideas would win support from Japan and West Germany. The central banks in those countries, which are independent from their governments, are extremely wary of too firm a commitment to fixed or semi-fixed exchange rates.

The Bank of England is also thought not to share Mr Lawson's enthusiasm for too precise a system, which might limit the freedom of manoeuvre of national authorities in setting monetary policy.

Mr Karl Otto Poehl, the Bun-

Continued on Page 20

Baker calls for IMF aid to bolster debt plan

BY ALEXANDER NICOLL IN WASHINGTON

MR JAMES BAKER, the US Treasury Secretary, called yesterday for a new International Monetary Fund lending facility as part of a package of measures to strengthen his Baker Plan strategy for handling the international debt problem.

Addressing the International Monetary Fund and World Bank annual meetings, Mr Baker said that his plan, unveiled two years ago, "remains the only viable, mutually acceptable approach to debt problems."

His proposal for a new IMF facility followed the Fund's own announcement this week that it will review lending mechanisms. It underlined a new official impetus to bolster debt strategy in evidence at the Washington meetings.

The drive appeared designed to counter fears that the debt problem was sliding out of control. It would speed financing to developing countries while renewing pressure on middle-income debtors to undertake policy reforms and at the same time recognising the deeper problems of poorer nations.

The External Contingency Facility suggested by Mr Baker would compensate debtor countries pursuing IMF-approved economic programmes for unforeseen external shocks.

Among these would be sustained rises in interest rates in the industrialised world as well as natural disasters.

Debtors would be cushioned against falling commodity prices and lower export volumes, as they are currently by the Compensatory Financing Facility which, under Mr Baker's proposal, would be replaced by the new mechanism.

As a result of IMF reforms, commercial banks would be able to link new loans less rigidly to disbursements of IMF money and would instead be able to rely on the overall quality of IMF programmes, Mr Baker said.

The new facility would formalise ad hoc contingency arrangements which the Fund has made with the addition of compensation for higher interest rates.

The new facility would also, however, carry a quid pro quo. It would place added pressure on debtors because, unlike the existing CFF, it would be linked to IMF adjustment programmes.

Countries might have to modify their economic policies in order to receive funds under the new facility.

OECD issues warning on rate of job creation

BY IAN DAVIDSON IN PARIS

THE Organisation for Economic Development and Co-operation warned yesterday that there was no sign of an early improvement in unemployment and called for a rapid increase in job creation and new forms of employment.

In its latest report on the employment outlook, the Paris-based OECD said that total employment in member countries was expected to grow at an annual rate of 1-1.25 per cent in 1987 and 1988.

But since the growth of employment was expected to be smaller than that of the workforce, the numbers of unemployed might increase further, to 31.25m in 1987 and 31.5m in 1988.

The OECD emphasised the seriousness of the present situation and of the outlook, and called for the highest possible rate of job-creating growth, as well as for the rapid development of new forms of employment.

"The gravity of the unemployment situation," it said, "is heightened by the fact that no early end is in sight."

The OECD expects a more favourable employment trend in North America than in Europe. In the US, employment is expected to grow at an annual rate of 2 per cent, slightly faster than the growth of the labour force, with an unemployment rate falling from 7 per cent last year to 6.5 per cent in 1988.

In Europe, however, unemployment may creep up from 11 to 11.25 per cent. For the UK, the OECD foresees a growth of employment of about 1 per cent, slightly faster than the rise in the labour force, with a consequent further decline in the rate of unemployment, from 11.8 per cent last year to 10.75 per cent in 1988.

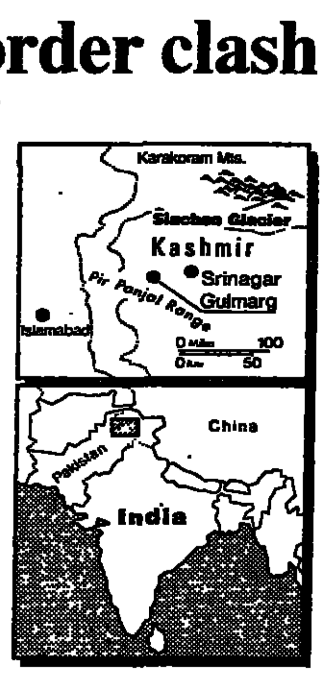
In West Germany, France and Italy, however, the report forecasts further increases in unemployment rates next year, to 8.25 per cent, 12 per cent and 11.75 per cent respectively. In Japan, the unemployment rate is expected to remain at its current level of 3 per cent.

A similar divergence applies to the trend in long-term unemployment, defined as those out of work for a year or more. In the US there has been a marked improvement, but in Europe there has been an increase both in the number of long-term unemployed and in their share in overall unemployment. North America is likely to experience further falls in long-term unemployment this year and next, with the US total declining to around 600,000, but among the major European countries there is little likelihood of any immediate improvement. Next year the long-term unemployed in France could rise to 1.2m, and may remain over 1.3m in the UK.

India says Pakistan started border clash

BY JOHN ELLIOTT IN NEW DELHI

INDIA CLAIMED yesterday that one of its most serious border clashes with Pakistan since the two countries fought their last war in 1971 took place last week on the Siachen Glacier, the world's highest battleground about 20,000ft up in the Himalayas.



Government spokesmen in New Delhi alleged that 150 Pakistan troops, and an undisclosed smaller number of Indians, died when Pakistan unsuccessfully tried to remove Indian forces from their high ground positions on the 75km long glacier which is in the disputed territory of Kashmir near the border with China.

There was no sign last night of the reported battle leading to any immediate major deterioration in the fractious relationships between the two countries. But the battle was significant

Continued on Page 20

Jardine Matheson buys 20% of Bear Stearns in $390m deal

BY RODERICK ORAM IN NEW YORK AND DAVID DODWELL IN HONG KONG

JARDINE MATHESON, the Hong Kong-based trading and investment group, is to take a 20 per cent stake in Bear Stearns Companies, parent company of one of Wall Street's most profitable securities dealers.

The $390m deal, which will further expand Jardine's worldwide investments in financial services, is the latest in a series of transactions by leading Wall Street firms to strengthen their capital bases to meet the challenge of an intense profits squeeze and the high costs of gearing up for global markets.

Most notably, earlier this week Salomon Inc, parent of Wall Street's largest firm, brought in Mr Warren Buffett, a prominent mid-Western US investor, as its largest shareholder.

Jardine said yesterday it would offer $23 each for 16.3m common shares of Bear Stearns Cos, which was one of Wall Street's last private securities dealers before being taken public in October 1985. Some 45 per cent of its shares are currently held by its partners, who will make up any shortfall in the offering, which is being made by Jardine Strategic Holdings, its vehicle for long-term investments in public companies.

Bear Stearns' shares rose $1⅛ to $19⅞ on the New York Stock Exchange shortly after the announcement.

Bear Stearns is considered one of the most adept trading firms in the industry. It managed, for example, to make tradingprofits during this spring's turbulent markets while Salomon, First Boston, Merrill Lynch and others took heavy losses.

Mr Alan "Ace" Greenberg, Bear Stearns' widely known chairman, said the deal enabled Bear Stearns' present shareholders to realise part of their investment now and to benefit longer term from the relationship with Jardine.

An acquisition of this size would have been inconceivable for the Jardine group until almost a year ago. At that time it was emerging from a painful three year convalescence from near-mortal wounds inflicted during Hong Kong's spectacular property market collapse in 1983.

An interlocking shareholdership with Hongkong Land had tied the majority of Jardine's assets into a group that was making massive losses.

The first sign of recovery came in January 1986 when the group bought Emmet and Chandler, then the 12th largest US insurance broker, for US$62m. Since then, the group has been entirely reorganised and the shackling marriage with Hongkong Land undone.

Jardine Strategic Holdings is the main product of that restructuring. Today it has a market capitalisation of about HK$14bn ($1.79bn), and holds strategic stakes in Jardine Matheson Holdings, Hongkong Land, Dairy Farm and the Mandarin Oriental Hotels group.

"Bear Stearns will become our fifth major strategic stake," Mr Simon Keswick, Jardine's chairman, said yesterday. "It will represent some 20 per cent of the value of our portfolio."

Industrial nations to consider tax evasion clampdown

By Paul Betts in Paris

PROPOSALS for an international clampdown on tax evasion and avoidance are likely to be accepted next week by the leading industrialised nations, although the plans face fierce opposition from business lobbies.

The controversial scheme, which would operate under the framework of the Organisation of Co-operation and Development, would open the way for the cross-border exchange of information on tax matters between the organisation's 24 member countries.

However, business lobbies, including the International Chamber of Commerce, the Business Industries Advisory Council at the OECD and the Swiss Investors Protection Association have launched a concerted effort to prevent the Council accepting the organisation's proposals.

The business groups are particularly concerned that the OECD and governments, such as the US, that back the tax control scheme are now furtively and successfully pushing through the controversial proposals.

The OECD has been working on the scheme jointly with the Council of Europe for the past five years. If implemented, it would allow tax authorities to exchange information automatically, as well as enable countries to make specific requests for information in cases where there is a strong presumption of tax evasion.

Although the OECD and the other backers of the scheme have tried to play down the eventual impact and importance of the convention, its opponents fear that its purpose is not only to fight tax criminals but also to curtail legitimate international tax avoidance.

The critics are also concerned that taxpayers' rights will not be adequately protected by the convention. They are further worried over possible breaches of confidentiality and the improper use of the information exchanged between countries. They argue that administrative co-operation between fiscal authorities can be more effectively treated through bilateral agreements.

Malta also added its voice to the tax debate recently by successfully putting the issue back on the agenda of the Council of Europe. Malta has raised the question of whether the proposed convention contravenes the European Convention on Human Rights. The issue is now due to be discussed at the Council of Europe on November 25.

Although a number of countries are cool about the international tax convention, none at this stage is expected to veto the scheme outright. Instead a number of countries are likely to decide simply to abstain from signing the convention.

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NICARAGUA EXPECTS LEGITIMACY AS PEACE PACT PRIZE

Commandante Jaime Wheelock, who foresees need for change in both attitudes and style, Page 6

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OECD report says youth unemployment is declining slowly

BY IAN DAVIDSON

YOUTH UNEMPLOYMENT in the member countries of the Organisation for Economic Co-operation and Development has been improving slowly, but it remains particularly high in France, Britain and Italy, according to the Paris-based organisation's latest employment outlook.

Last year unemployment among those below 25 years of age in Italy rose again, to 39.3 per cent, and is expected to increase to more than 43 per cent next year. The French rate dropped slightly last year, to 23.4 per cent, but it is forecast to rise again next year to above 28 per cent.

In Britain the trend is more encouraging, since the youth unemployment rate is forecast to decline from more than 20 per cent last year to 15 per cent in 1988.

On the general employment outlook, the OECD says that if labour forces, labour productivity and output continue to grow at their trend rates of recent years, there will continue to be insufficient paid employment in most countries to absorb a significant proportion of those who would like to have a conventional job. "What is at issue is the economic and social health of societies over a run of years. There are going to have to be changes and there is a key role for policy in facilitating these."

The organisation goes on to argue that societies will need brisk growth in jobs, not merely for reasons of personal income and social satisfaction, but also to sustain commitments to social policies. Commitments to health and education services, and income support for those not in work or on pensions imply the need for an expanded tax base.

But these commitments will add to budgetary pressures in future, while many countries perceive themselves to be at the limits of taxable capacity of the present workforce. Hence, says the OECD, "there is going to be a strong future requirement, lasting at least several decades, for large net gains in the number of jobs in order to satisfy (these) demands."

Without specifying just how these needs are to be met, the OECD identifies a number of characteristics which it believes will be crucial in the job environment.

- Rapid and perhaps accelerating technological and structural change;
- Below-average growth of real wages, for some years at least;
- Relatively rapid growth of private sector jobs;
- A major proportion of employment growth occurring in relatively small companies.

As for the first factor, the OECD believes that change is likely to be accelerated by the open trading environment, as well as by the increase in the rate of technological progress.

One symptom is the rate of job turnover. "On average the total number of old jobs destroyed in a decade, and the total number of new jobs created, both approximately equal the total number of jobs in an economy," says the report. Since job turnover rates are not significantly lower in Europe than in North America, the difference in unemployment rates cannot be explained by resistance to change. The most plausible interpretation, according to the OECD, is that structural change in Europe has favoured capital intensity rather than job creation.

If new jobs are to be created in large numbers, however, the report argues that on resource grounds alone they would have to be jobs which require below-average amounts of capital and for which the supportable real wage would be correspondingly modest. This would in turn imply, for some years, moderate rates of growth of both aggregate productivity and real wages, either through a generally lower rate of growth of real wages, or through the average real wage of the new jobs being for some years below the average real wage of existing jobs.

Thirdly, most of the new jobs would have to be in the private sector, because the public sector could not finance them.

Finally, a significant proportion of new jobs are likely to be created in small companies, because they typically pay below average wages.

Kohl calms US concern about visit by Honecker

By Peter Bruce in Bonn

CHANCELLOR Helmut Kohl went out of his way yesterday to reassure the US leadership that last month's visit to West Germany by the East German leader, Mr Erich Honecker, had done nothing to weaken Bonn's ties with the West.

Welcoming US Vice-President George Bush during a short stop-over in Bonn, Mr Kohl insisted that West Germany did "not wander between two worlds. We are part of the free world."

His remarks seem designed to still disquiet, particularly among conservatives in some of Bonn's allies, about the real purpose of the Honecker visit. He said West Germany would always do what it could to relieve East German citizens of any hardships and that talking to East Germany was one way of achieving this.

He said, not for the first time, that he hoped the Reagan Administration would be able to reach agreement with Moscow this year to scrap all intermediate nuclear force (INF) weapons and added, pointedly, that he wanted the disarmament process to continue.

Bonn differs with France and Britain over how to proceed after an INF deal, with its partners wanting to fix a timetable which would give long-range ballistic missiles, and chemical and conventional weapons priority over further talks on short-range nuclear missiles, most of which threaten West Germany.

Mr Bush, who said the US had no doubts about Bonn's commitment to Nato, tried also to reassure West German conservatives who fear that the INF agreement reached in principle with the US might be the start of an American military withdrawal from Western Europe.

"There is no danger, in my view, that the US will use any arms agreement to decouple," he said. Mr Bush brought a personal letter to Mr Kohl from President Ronald Reagan. It said the US and Soviet Union were on the verge of a great improvement in relations—which was being interpreted here as meaning that a US-Soviet summit would be finalised soon.

Vatican challenge strains Goria coalition

BY JOHN WYLES IN ROME

THE ITALIAN Government and the Vatican were yesterday gingerly reviewing possible solutions to a dispute over the teaching of religion in Italian schools which has been suddenly heated by an unexpected Papal intervention.

The flare-up with the Vatican is putting a heavy strain on the Italian coalition government led by the Christian Democrat, Mr Giovanni Goria, because of the extreme nervousness within his own party about how the issue should be handled.

A political agreement on the so-called "hour of religion" between the Christian Democrats and the lay parties in the coalition which was due to be confirmed by a parliamentary committee on Tuesday evening was peremptorily blocked by an appeal from the Vatican for state-to-state talks on the issue.

At the heart of the problem lies the Italian state's difficulty in applying clauses in the new concordat signed with the Vatican in 1984 after years of painful negotiations. This committed the state to maintaining the teaching of Catholicism in schools while respecting "parents' freedom of conscience" and allowing children, or their parents deciding for them, to opt out of classes on religion.

The system which was then applied, in agreement with the Vatican, required children to take alternative lessons if they rejected religion. But this was ruled out of order by the regional court of Lazio whose judgment was subsequently upheld by the Italian Council of State.

When the politicians finally moved towards a solution based on putting the "hour of religion" at the beginning or end of the school day, the Italian bishops declared that it was totally unacceptable. Last Sunday, to everyone's great surprise, the Pope declared his full support for their position.

They are claiming that the Government is "unilaterally" rewriting the concordat and that any statement which clearly makes the attendance at religious classes optional is unacceptable. In recent weeks it has been generally held that about 90 per cent of students opted last year for the hour, although there is no official corroboration.

Some observers believe that any solution which enabled children to avoid classes on religion by coming to school later or leaving earlier would turn out to be a referendum on religious commitment in Italy, the results of which would be all too embarrassing for the church.

ITALY'S small businesses have been responsible for around 60 per cent of the jobs created in manufacturing industry in recent years, according to a study released yesterday, writes John Wyles. The finding appears to be the first authoritative account of the dynamic role of small companies over the period from 1978-84, when general employment in manufacturing fell by 678,000.

The strength of the small business sector underpins some mildly optimistic forecasts by the study's authors. They argue that a 0.8 per cent growth in employment by 1990 is a reasonable expectation and that, as a result, the national unemployment rate may fall from 10.79 per cent in 1985 to 10.68 per cent in 1990. On their worst assumption of no overall growth in employment, the national jobless rate would be 12.12 per cent.

French state assets sold 'too cheaply'

By George Graham in Paris

FRANCE's opposition Socialist Party has stepped up its attack on the Government's handling of its privatisation programme.

The party yesterday published a "black book" on the privatisations, accusing the Government of selling off national assets too cheaply, placing its cronies in control of the privatised companies and despoiling insurance policyholders of their rightful share in the profits of the soon-to-be-privatised insurance companies.

The black book estimates that the eight major privatisations to date have been undervalued by 25-30 per cent.

The Socialists also contest the claim of Mr Edouard Balladur, the Economy Minister, that no group has yet been allowed more than two stakes in the "hard core" of friendly shareholders which he selects before each privatisation. They say that this claim ignores several privatisations.

The report does not make new accusations on the conduct of the privatisation programme, nor does it back up recent Socialist claims that the privatisations had stuffed the coffers of Mr Balladur's right-wing RPR party.

It announces plans, however, to propose a bill to "moralise the privatisations' by banning any civil servant or politician involved in the programme from taking a job in a privatised company for a space of five years.

EC curbs movement of Turkish labour

BY QUENTIN PEEL IN BRUSSELS

TURKISH MIGRANT workers in West Germany have lost a key test case in the European Court of Justice, effectively ruling out any early enforcement of the free movement of migrant labour in the European Community.

The case was brought by Mrs Meryem Demirel, the wife of a Turkish worker in West Germany, fighting an expulsion order when her visa expired. She sought to prove that the current EC-Turkey Association Agreement gave her protection, because it contains a commitment to negotiate the free movement of migrant workers by December 1 1986.

The Turkish case for such free movement—a major embarrassment to West Germany, where some 1.5m of the 1.9m Turkish migrant workers in the EC reside—has been a major bargaining chip for Ankara in its bid for full future membership of the Community.

However the European Court decided yesterday that the provisions of an association agreement, where they were not a precise commitment but dependent on subsequent negotiations, could not be enforced in any individual member state.

The Court concluded that the deadline of December 1 1986 was not an unconditional date for agreement on free movement which could be enforced, regardless of whether the precise conditions had been negotiated or not.

It also pointed out that the commitment was linked to the progressive esablishment of a customs union, and co-ordination of economic polcies. Turkey still has to dismantle most of its customs duties and tariffs imposed on EC imports, a point on which EC negotiators have insisted as a quid pro quo for further liberalisation of movement.

Any other decision in the case of Mrs Demirel would have caused grave embarrassment to Bonn, and the EC member states as a whole, already worried about the prospect of Turkey's full membership application

The European Commission has been asked to produce its own opinion on the Turkish membership application—submitted last April—and could take at least 18 months to do so. Full-scale negotiations for membership after that could well take a decade, diplomats in Brussels believe, and even then result in rejection.

The Cyprus Government said in Athens yesterday that Turkey had created a dangerous situation by increasing the number of Turkish troops and settlers in Cyprus, Reuter reports. He told a news conference that Turkish military forces in Cyprus had increased from about 30,000 two years ago to between 35,000 and 39,000, and the number of Turkish settlers had risen from 40,000 to 65,000 in the same period.

Dublin ends royalties on oil and gas output

BY OUR DUBLIN CORRESPONDENT

IN A RADICAL reversal of previous government policy, the Irish Energy Minister Mr Ray Bourke yesterday abolished royalty payments on oil and gas production in Irish waters and dropped measures allowing state participation in offshore discoveries. Acknowledging that the existing taxation regime had discouraged oil exploration in Irish waters, Mr Bourke said that more than Ir£1bn (£896m) had been spent drilling, without a single commercial oil find. The only hydrocarbon production activity currently in Ireland is the Kinsale gas field off the Irish coast.

Mr Bourke said that when he came into office earlier this year the Energy Department was aware of plans for a single exploration well to be drilled in Irish waters. He hoped the new regime would encourage exploration managers, and announced that BP was to drill in the South Porcupine area 150 miles off the southwest coast. BP is to drill in a water depth of nearly one thousand metres, and plans to drill to a total depth of 4,500 metres subsea.

The details of the new oil exploration terms announced yesterday are:

- The exemption of all oil or gas production from royalty payments previously provided for.
- An alteration of the existing taxation system to allow free depreciation on development and exploration capital expenditure, including expenditure already undertaken.
- The abolition of all other state participation in profit from oil and gas developments.
- The introduction on production of 100m barrels of oil or 0.6 trillion cubic feet of gas of a levy on profits sufficient to bring the Irish Government's annual share of revenue from a field to a level of 60 per cent.

Eurofighter work goes ahead despite political delays

BY DAVID BUCHAN, RECENTLY IN MUNICH

JET ENGINE-MAKERS in the UK, Italy and Spain are having to dip into their own pockets to cover development of the new Eurofighter engine, because of the delay of their three governments, along with that of West Germany, in signing a full development contract.

The four nations in the £20bn programme to develop and produce some 800 units of the European Fighter Aircraft (Efa) had earlier hoped to give the go-ahead to full-scale development by August 1. But arguments about general contract conditions and worries about the cost of a radar, plus lengthy legislative procedures in Bonn, have pushed likely signature of development contracts to January or early February next year.

The delay bears most on the engine, which always takes longer to develop than the airframe, even though an interim engine, probably the RB-199 which power the collaboratively-built Tornado, will be used to flight-test the Efa airframe and weaponry, before the Efa's EJ-200 engine is finally ready.

Mr Colin Green, general manager of the Munich-based Eurojet consortium which is building the EJ-200, said he had no doubt governments would soon approve, and start funding, full development. "But the problem now," he said in an interview, "is that our spending curve is climbing fast, with the companies having to buy machinery and tool up."

Therefore, Rolls-Royce of the UK, Fiat Aviazione of Italy, and SENER of Spain had come to various arrangements with their respective governments that they would be reimbursed, on contract signature, for whatever of their own money they spent in the interim. The fourth Eurojet member, MTU of West Germany, had not had to do this, because Bonn recently released a further slice of Efa funding, Mr Green said.

The funding problem was eased for Rolls-Royce and MTU, Mr Green said, because they both had other work which their governments could regard as of direct relevance to EJ-200 and fund accordingly. In the case of Rolls-Royce, this was the XG-40 which the UK company developed as a technology demonstrator for the Efa engine.

Ironically, it is in Bonn that the most vocal doubts have been expressed, in and outside the the coalition government, about rising estimates of Efa development. The most recent public estimate for this is Ecu 6.5bn (£4.5bn) for airframe and engine together. For comparison, Bonn has asked McDonnell-Douglas of the US for an estimate of updating its F-18 fighter. The UK, whose Defence Ministry is to decide formally on further participation in the Efa in early November, Italy and Spain seem less ready to contemplate any alternative to the Efa, though Spain is still being wooed by France to join its rival Rafale project.

The Eurofighter organisation, which is also based in Munich and responsible as prime contractor for the Efa airframe and weapons systems, says it is close to final agreement with governments, which rejected its first three submissions of a draft contract. Part of the problem was a division between the governments themselves, with the UK under Mr Peter Levene, its aggressively competition-minded defence procurement chief, initially pushing for tougher contract terms than the three other governments were ready to impose.

It now appears accepted that 80-90 per cent of the value of the Efa contract will be awarded on a maximum price basis, to be converted to fixed price as soon as possible. This is in contrast to the Tornado project, which the UK, West Germany and Italy developed largely on a cost-plus basis in the financially more lax 1970s. Contractors will also only receive full payment of costs on results, an apparent innovation from the UK to its Continental partners.

However, the governments have told Eurofighter to take another look at the factors which have led two rival consortia — one led by AEG of West Germany with Hughes of the US, and the other all-European and led by Ferranti of the UK — to submit very expensive bids to build the Efa radar. The implication is that the governments may settle for a less effective, though cheaper, radar than they originally wanted.

Woerner in line to succeed Carrington

WEST GERMANY'S Defence Minister, Mr Manfred Woerner, has been guaranteed the job of Nato secretary-general when Britain's Lord Carrington retires next year, according to Bonn government officials, Reuter reports from Bonn.

They said the US Government had assured Chancellor Helmut Kohl of its backing for Mr Woerner and this would create a decisive majority for his candidacy among the 16 member states. Mr Woerner was pitted in the fist open contest for Nato's top political post against former Norwegian Prime Minister, Mr Kaare Willoch, whose candidacy was announced by Oslo on August 14.

Mr Kohl proposed Mr Woerner for the job on August 26, the same day that he pledged to remove Pershing-1A nuclear missiles from West Germany as part of a superpower pact to dismantle medium-range weapons.

The Chancellor's decision to scrap the Pershings overrode Conseravtive opposition within his governing coalition, and diplomats suggested Washington would reward him by backing Mr Woerner for the Nato job.

In Oslo, the Norwegian Foreign Ministry said its ambassador to Washington, Mr Kjell Eliassen, was called to the state Department last week and told that Mr Willoch's candidacy was complicated by the fact that Mr Kohl was pushing for Mr Woerner.

The Foreign Ministry spokesman, Mr Per Paust, said Mr Eliassen was told by Mr Charles Thomas, the Deputy Assistant Secretary of State, that Mr Willoch was "competent in every respect," but that "when a country like West Germany presents a candidate, it constitutes a very difficult situation."

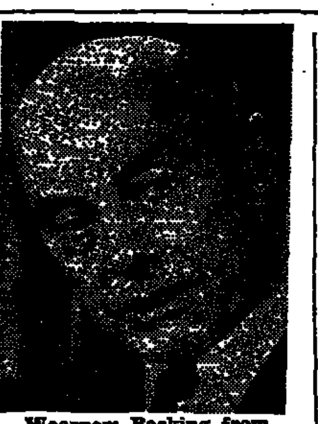
The West German newspaper Die Welt reported yesterday that the State Department had told Mr Eliassen the US would back Mr Woerner "because of Kohl's personal commitment." However, Norway's Foreign Ministry dismissed the Bonn report that Mr Woerner would get the job, describing it as a rumour, and said Mr Willoch was still in the running.

"We have heard nothing to that effect and have not withdrawn Willoch's candidature." Mr Paust said.

The Bonn officials said Britain, France, Italy, Belgium, Luxembourg and the Netherlands had tacitly indicated that they would endorse Mr Woerner.

Diplomats said the backing of Nato's largest and most influential members — the US. Britain, France, Italy and West Germany — had laid the groundwork for a majority in Mr Woerner's favour. But none of those governments will endorse Mr Woerner publicly at present to avoid offending the smaller Nato members, such as Norway, who favoured Mr Willoch's candidacy.

They said the wave of support for Mr Woerner would probably prompt Mr Willoch to withdraw his candidacy. Nato's top job has traditionally been a consensus appointment. Bonn was expected to consult privately with Oslo to head off any open dispute.



Woerner: Backing from Washington

Bombings as Eta trial opens

BY TOM BURNS IN MADRID

TWO SMALL bombs exploded in streets adjoining Madrid's main court building yesterday as eight members of Eta, the Basque separatist organisation, went on trial on charges of terrorism. There were no casualties.

Meanwhile, Mr Santiago Arrospide, known as Santi Potros, who had been named by the Spanish Government as the effective leader of Eta, was arrested at Anglet, close to the Spanish border in southwest France.

The eight Eta defendants are allegedly members of the so-called Madrid Commando. They were arrested in January and charged in connection with a succession of terrorist actions in the Spanish capital during 1986 which caused 41 deaths.

It was not clear whether the explosives outside the courtroom had been placed by Eta, thus indicating that the organisation had managed to replace its arrested activists in Madrid, or by right-wing extremists who used the trial to stage an angry anti-Government demonstration.

The arrest of Mr Arrospide was regarded as extremely important by the Spanish authorities. He is believed to have run Eta as its supreme commander for at least the past two years. Over this period more than 90 members of Eta living in southwest France have been handed over to the Spanish police by the French authorities, but Madrid has in the past voiced its complaints that the terrorist leadership had eluded detention.

Economic failings prompt another Romanian reshuffle

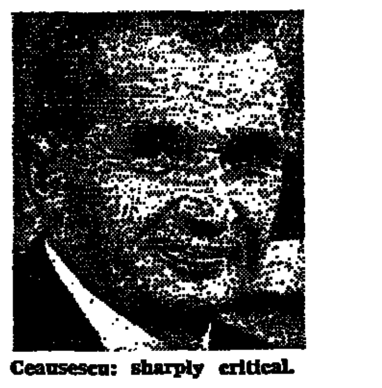
BY JUDY DEMPSEY IN VIENNA

THE ROMANIAN Electricity Minister and a Deputy Prime Minister have been dismissed from their posts for "unsatisfactory work," and several other officials, including the Foreign Trade Minister, have been reshuffled in what appears to be a further attempt by the Romanian authorities to improve economic performance.

Mr Gheorge Petrescu, a Deputy Prime Minister, and Mr Ion Avram, the Minister of Electric Power, were sacked after a meeting of the political executive committee, which was chaired by Mr Nicolae Ceausescu, the President and Communist Party leader.

During the meeting, which discussed in detail the state of the country's power stations, Mr Ceausescu sharply criticised the serious shortfalls in the power stations, saying that repair and commissioning work had not been carried out, particularly at the Rovinari and Turceni stations.

He also said that senior officials at the power plants would be sacked and would face prosecution, and that both Mr Petrescu and Mr Avram would be dropped from the central committee.



Ceausescu: sharply critical.

The announcement comes at a time when the country is preparing for another winter. Since 1982, Romanians have been subjected to long power cuts and strict energy rationing

The energy problems are largely due to the high consumption of energy from the metallurgical, building and petrochemical industries, poor maintenance of the power plants, and a highly centralised economic structure.

In October 1985, Mr Ceausescu sacked a Deputy Prime Minister and two ministers responsible for energy and mining.

Austrian state sector faces radical change

AUSTRIA'S state-owned industry will soon undergo a large-scale reorganisation aimed at making the sector more competitive and less reliant on government subsidies.

The programme, described as the "biggest overhaul of Austrian industry since the Second World War," involves the splitting up of large industrial conglomerates, a restructuring of the management and the loss of several thousand jobs.

The plan also involves the setting up of joint ventures and a partial privatisation of some sections of the holding companies.

Judy Dempsey reports on proposals aimed to cut losses and make key industries more competitive

A spokesman for Oesterreichische Industrieholding (Oiag), the holding company of the state-owned industries, the bulk of which are based in the heavy industrial sector, said yesterday: "It is now or never. Either we make the radical changes now or we will remain uncompetitive."

The decision to act now was partly motivated by increasing losses over several years by nearly all of the seven groups within Oiag.

Last year, the Austrian taxpayer paid out more than Sch 32bn ($2.4bn) on subsidies for Oiag. Mr Hugo Michael Sekyra, the 46-year-old chairman of Oiag made it plain that the subsidies would have to last until 1990. "We cannot keep returning to the government for more money. We have to think about profit," he said recently.

During the first six months of this year, Oiag lost Sch 3.7bn. Oiag officials admit that the restructuring will take time to have a positive impact. But one of the most immediate effects will be to break down the giant industries and cut back on duplication.

Voest-Alpine, Austria's largest steel and engineering group, will be completely reorganised. Instead of acting as the holding company for its 31 subsidiaries, a steel corporation will be set up which will act as an umbrella for the disperate elements of the Austrian steel industry.

The small mining sector, up until now a separate company within Oiag, will join the steel corporation along with the mechanical engineering sector, which contains Simmering-Graz-Pauker and Vew, the loss-making special steel groups.

The electrical and electronics group will be reorganised as well, to encourage investment and modernisation. Oiag said the smaller subsidiaries would be free to look abroad for foreign investments and could even sell off some of their own shares. This is a strategy the successful Austria Metall Group (Amag), which is part of Oiag, has recently adopted.

It is also a strategy which would have been unthinkable a few years ago. "The perception used to be that the state industries could do no wrong and neded no outside co-operation," an Ooag spokesman said. "Now it is changing. Survival is also about profit. If we want to make profits, then this will also require a change on the part of the management in Oiag has bene cushioned by the state and not particularly profit-oriented.

The radical plans, known in Austria as "Sanierung," will also mean substantial job losses. At the end of 1986, Oiag employed 96,000 people. That figure was reduced to 89,000 by the end of August and Austrian economists reckon the restructuring will entail a further loss of 19,000 jobs by the end of 1989.

The trade unions, who are preparing for their annual congress next week are considering the plans, the fine print of which will be thrashed out an an Oiag management meeting in October.

Whatever the outcome of these meetings, the growing consensus is that the days of the pampered Oiag are drawing to a close.

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AMERICAN NEWS

Managua makes haste to comply with peace pact

Peter Ford looks at the Sandinistas's moves towards greater democracy

A MONTH after five Central American presidents signed their historic regional peace treaty, Nicaragua's Sandinista Government is making the running to carry it out.

As its neighbours ponder ambiguities in the wording of the pact, Managua has already set up the National Reconciliation Commission which is to monitor compliance with the Guatemala Accord.

The Government has also announced the lifting of the ban o nthe country's Catholic radio station, the reopening of La Prensa, the opposition newspaper, plans for a unilateral ceasefire in some parts of the country and invited back three expelled Catholic priests.

Sandinista leaders are showing signs that they are taking the treaty seriously, if only, as officials here argue privately, because they have nothing to lose.

"Let no one believe that this is a strategy to win time," Commandante Jaime Wheelock told a meeting of Sandinista party members last week. "We are convinced for reasons of principle that this is the right path for the Nicaraguan people."

The nascent peace accord requires Managua to loosen up its political system in important ways. No longer will the authorities be able to muzzle the press by censoring or closing newspapers and radio stations. Nor, with their commitment to "total party political pluralism" will they be allowed to outaw opposition protests.

The Sandinistas have introduced one caveat: to note that under the treaty they are not obliged to move one inch towards more democracy unless the US simultaneously suspends its aid to the Contras.

Opposition leaders here do not believe the Government's pledges. The Sandinista Front will do "as little as possible" to comply with the peace pact, warns Virgilio Godoy, Liberal Party president. But that will be enough to fulfil the letter of the treaty and to satisfy international opinion, he concedes.

A debate has already opened, for example, over what the treaty's call for an amnesty means. Some opposition figures are urging the release of all political prisoners including Somoza's National Guardsmen jailed in the wake of the 1979 revolution.

The opposition is so divided it will be hard-pressed to make real use of the unaccustomed freedom

The Government has not yet decided its interpretation on this, but there are signs it may offer the amnesty only to Contras in the field who hand in their weapons, arguing that anything more would constitute a general pardon which the Guatamala Pact does not require.

Judging such issues, is the National Reconcilation Commission, headed by Cardinal Miguel Obando y Bravo, the Sandinista's sternest critic, and also comprising Vice-president Sergio Ramirez for the Government, Mauricio Diaz of the Popular Social Christian Party for the oposition, and Gustavo Parajon, a leading Protestant churchman, sitting as a non-political notable.

Though some opposition leaders complain that Diaz is too sympathetic to the Sandistas and that the Commission will bend to the Government's will, in a sense they have only themselves to blame. Asked to present candidates for their slot on the Commission the 11 opposition parties could not agree on a unified slate.

Instead, they broke into two factions, one offering a list headed by Diaz, the other putting up Erick Ramirez, Social Christian Party chief, a much fiercer critic of the Government.

President Daniel Ortega exploited this weakness choosing Diaz as the opposition's full commission member and picking Ramirez as his alternate.

The incident illustrates one reason why the Sandinistas appear so confident they can weather the unpredictabilities of a democratic opening-up. The opposition is so divided and leaderless they believe it will be hard-pressed to make real use of the unaccustomed freedom under the Guatemala Treaty.

At the same time, the pact offers the Sandinistas an important prize—legitimacy. "The Sandinistas conceded the principle that outsiders have the right to put democracy on the table," says one Western diplomat here. "In return, the other presidents have accepted that the Sandinistas are here to stay."

For the pact requires no fundamental changes in the nature of "Sandinismo." The three pillars of the revolution, the party, the state and the army, remain untouched.

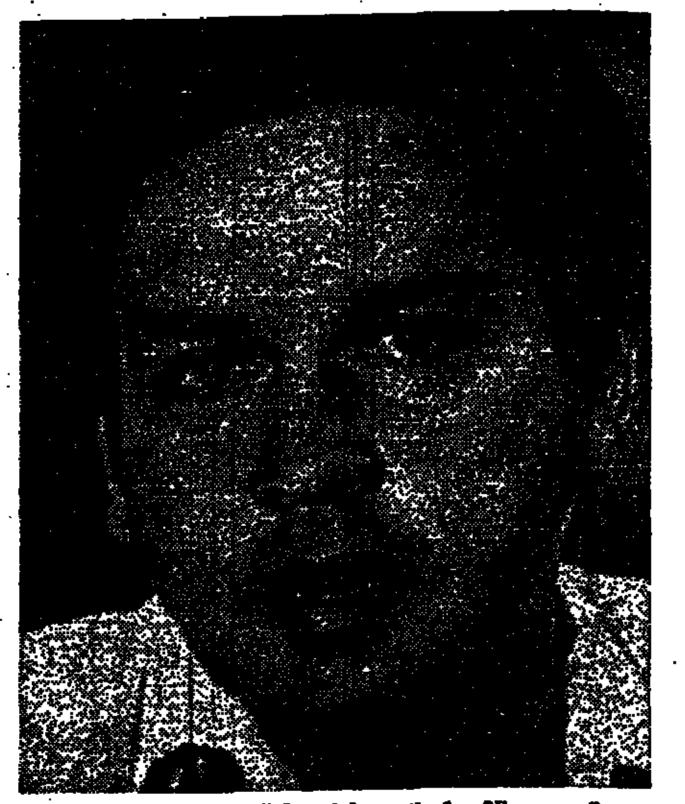
The Sandinistas' readiness to hand over power should they lose an election will not be tested until presidential elections due in 1990.

At the same time, the Government has made it clear that it will not step back from the revolution's central tenets.

But the Sandinistas appear to be readying their supporters for a political free-for-all unlike anything Nicaragua has seen since the 1984 election campaign.

"There is a change in the situation that we consider historic, transcendental "Wheelock told Sandinista militants last week. "We are going to be living through a very complicated political situation which requires changes in attitudes, styles, structures and tasks."

Party members, he added, "must prepare ourselves to develop a powerful political and ideological offensive."



Jaime Wheelock: "the right path for Nicaragua."

Argentine officers held after new army protest

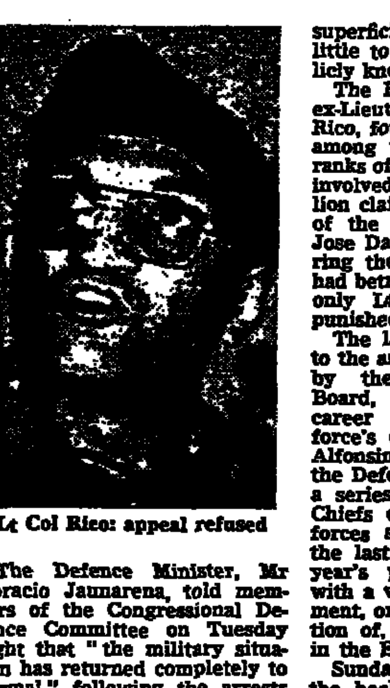
BY TIM COONE IN BUENOS AIRES

THE Argentine Government was yesterday doing its best to play down the latest outbreak of miliary unrest at the weekend, and has arrested six officers involved in what were officially described as "acts of indiscipline."

An army barracks in Buenos Aires of the Third Mechanised Infantry regiment was temporarily taken over by its officers last Sunday night in protest at the proposed transfer of the unit's commanding officer, Lt-Col Dario Fernandez Maguer, to another garrison.

Lt-Col Maguer is one of the officers placed under arrest. He was indirectly involved in the Easter military rebellion this year. Along with many other officers, he disobeyed orders to advance his troops upon the rebellious officers who seized the Campo de Mayo infantry school in Buenos Aires, causing a major crisis within the government.

The rebellion was carried out in protest at the trials of junior- and middle-ranking officers for human rights abuses during military rule from 1976-1983 and resulted in the government ramrodding a controversial bill through the Congress, known as the "Due Obedience" law which now absolves all junior and middle ranks from any human rights crimes committed.



Lt Col Rico: appeal refused

The Defence Minister, Mr Horacio Jaunarena, told members of the Congressional Defence Committee on Tuesday night that "the military situation has returned completely to normal" following the arrests and that he did not expect any repetitions of the incident.

None the less, opposition legislators who attended the secret session of the committee said later that the minister's report was "inadequate and superficial" and that it added little to what was already publicly known of the incident.

The Easter rebellion, led by ex-Lieutenant Colonel Aldo Rico, found widespread support among the junior and middle ranks of the officer corps. Those involved in last Sunday's rebellion claimed that the new head of the armed forces, General Jose Dante Caridi, by transferring their commanding officer, had betrayed an agreement that only Lt Col Rico would be punished for the Easter mutiny.

The latest incident is linked to the annual review under way by the Army's Promotions Board, which determines the career prospects of all the force's officer corps. President Alfonsin and senior officials of the Defence Ministry have held a series of meetings with the Chiefs of Staff of the armed forces since the beginning of the last month to discuss this year's promotions, apparently with a view to the early retirement, or preventing the promotion of, those officers involved in the Easter rebellion.

Sunday's incident followed on the heels of another unprecedented incident last Thursday night at a military arsenal in the capital, in which soldiers carried out an unscheduled exercise in the middle of the night using explosives and dummy ammunition.

Shultz hope for S Africa future

MR GEORGE SHULTZ, US Secretary of State, has outlined a hopeful vision of South Africa's future and said the US would not abandon the country as it struggled to end apartheid, Reuter reports from Washington.

Mr Shultz made no mention of economic sanctions against South Africa imposed last year by Congress over President Reagan's veto.

He appeared to lay the ground for a US initiative on positive moves to help South Africa rather than sanctions, which the President has opposed as ineffective.

Mr Shultz admitted that many conditions in South Africa had worsened, and that there was increased repression of blacks, escalating violence, greater press censorship, growing economic problems and a lack of negotiations between the white minority government and the black majority.

But he said: "I emphatically reject the fatalistic notion that the country's future has already been written, that it is too late for accommodation."

He cited as a positive development talks in Senegal last summer between leaders of South Africa's Afrikaaner community and the outlawed African National Congress.

Reagan names weapons chief

BY DAVID BUCHAN

PRESIDENT Reagan has nominated Mr Robert Costello to replace Mr Richard Godwin, who last month resigned as the Pentagon procurement chief in frustration at his failure to streamline the $140bn a year purchasing and development of arms for the US forces.

Mr Costello, a former General Motors director of purchasing brought into the Pentagon this year as Mr Godwin's deputy, inherits the job of Undersecretary for Acquisition, a post established last year on the recommendation of the Packard Commission which was set up to reform the much-publicised procurement excesses of the early Reagan Administration.

However, it is not clear that Mr Costello will have any greater backing from Mr Caspar Weinberger, the Defence Secretary, than Mr Godwin did in asserting central civilian control over the procurement chiefs of the three US armed services.

Even if he does, he will only have the remaining 15 months of the Reagan Administration in which to tackle a bureaucratic problem that has defeated many before him.

As an Assistant Secretary for Production and Logistics for the past few months, Mr Costello has been chiefly responsible for evaluating proposals to improve the US defence industrial base by giving direct Pentagon subsidies to upgrade US manufacturing techniques in semiconductors, optics, ball bearings, and other components used extensively in US weaponry.

Though portrayed as simply reducing US security dependence on Japan, such proposals could, according to some European officials, lead to US protectionism in arms procurement.

Canada hit by new post strike

BY DAVID OWEN IN TORONTO

CANADA was hit by its second postal strike in four months at midnight yesterday when the 23,000-strong Canadian Union of Postal Workers launched a series of rotating walkouts.

Union leaders called the strike to protest a programme to replace union-staffed postal stations with franchises operated by non-union drug and convenience stores. The union fears that the move would eliminate more than 4,000 of its most desirable jobs.

Observers are speculating, however, that Ottawa may quickly put an end to the stoppage by enacting back-to-work legislation.

On Tuesday afternoon, Mr Pierre Cadieux, Labour Minister, sent Mr William Kelly—his top troubleshooter—to meet both sides and assess whether an early negotiated settlement is possible.

Mr Kelly, who acted as mediator in the previous strike by post office letter carriers, said he planned to advise Mr Cadieux "expeditiously" of his conclusions.

Canada Post's chief negotiator, Mr Harold Dunstan, has promised that the mail would move "very well" during the rotating strikes.

Meanwhile, the chances of avoiding a strike at Ford of Canada plants by 13,000 Canadian Auto Workers members improved markedly yesterday, following the union's receipt of a contract offer dubbed "a blueprint for a settlement" by Mr Bob White, CAW president.

Mr White said that the offer appears to meet all the economic terms, including partly-indexed pensions, obtained from Chrysler Canada after a four-day strike in mid-September.

The union's strike deadline of 10 am today for the moment remains in effect, however, pending the resolution of outstanding local issues.

Dukakis aide leaked Biden video

By Lionel Barber in Washington

GOVERNOR MICHAEL Dukakis of Massachusetts, the Democratic presidential candidate, admitted yesterday that his campaign manager had provided reporters with embarrassing video tapes that torpedoed the rival candidacy of Senator Joseph Biden of Delaware.

Governor Dukakis – who said he only discovered the source of the leak on Tuesday – said his top aide, Mr John Sasso, had offered to resign but he had refused to fire him.

Earlier this week, Gov Dukakis had disputed a published report that had fingered his staff as the source of the tapes which showed that Senator Biden had borrowed heavily from a speech by the British Labour Party leader, Mr Neil Kinnock.

Senator Biden dropped out of the 1988 presidential campaign last week following further revelations that he plagiarised a paper in law school, borrowed chunks of other politicians speechs, and misrepresented his academic credentials.

Yesterday, the Greek-American candidate said he had never thought to ask Mr Sasso – a senior aide for the past seven years – whether he was responsible for the initial leak.

Governor Dukakis called the incident a "very, very serious error in judgment."

US indicators show 0.6% rise

BY LIONEL BARBER IN WASHINGTON

THE US Government's leading indicators rose by 0.6 per cent in August, signalling continuing strength in the economy, the Commerce Department reported yesterday.

The leading indicators, the main barometer of economic growth, have risen for seven consecutive months this year, underpinning almost five years of expansion.

On Tuesday, President Reagan challenged economic leaders from West Germany and Japan, who were at the World Bank and International Monetary Fund meetings, to stimulate their economies and buy more exports from the US and developing countries.

The August increase was higher than some analysts had expected and was mainly due to a surging stock market. But the recent rise of half a percentage point in the discount rate to 6 per cent—coupled with increased borrowing costs—could threaten long-term growth.

The Commerce Department revised downwards the July increase to 0.3 per cent from a previously reported 0.5 per cent. This followed an official reduction of calculations in the amount of outstanding credit.

Four of the nine leading indicators were positive in August. While higher stock prices were the largest component, other positive indicators were a drop in claims for unemployment insurance and a growth in building permits and money supply. Negative indicators included lower contracts for plant and equipment, and lower manufacturers' orders for consumer goods.

Tories' golden boy rides out illegal trading charge

BY DAVID OWEN IN TORONTO

THERE was a time when Mr Peter Blaikie was the great white hope of the Canadian federal Conservative Party.

When elected to the Tory presidency in 1981, his youthful good looks and bilingualism were thought to make him a natural successor to Mr Joe Clark, the then beleaguered party leader.

Since withdrawing from the subsequent leadership race won by current Prime Minister Mr Brian Mulroney in 1983, on the grounds of political experience, Mr Blaikie has however faded into the comparative obscurity of his Montreal law firm, Heenan Blaikie.

Until last week, that is. Now he has been thrust into the limelight again by allegations from the Quebec Securities Commission linking Mr Blaikie and six others to illegal trading prior to the February sale of Teleglobe Canada to Memotec Data, a previously obscure Montreal data communications company.

The QSC is questioning Mr Blaikie's purchase on January 16 of 1,000 Memotec Data shares for inclusion in a retirement savings plan. The commission alleges that Mr Blaikie was privy to insider information when the purchase was made.

Memotec emerged in February as the surprise victor in a spirited bidding war for government-owned Teleglobe, the company that handles all Canadian overseas telephone calls. Heenan Blaikie helped to prepare the successful Memotex bid.

At a Montreal press conference on Tuesday, Mr Blaikie, a public speaker of some repute, denied the QSC's charges in no uncertain terms. "I consider myself innocent," he said, describing the commission's conduct in the case as "intolerable" and "outrageous."

Mr Blaikie added that a similar charge against Mr Kenneth Atlas, another Heenan Blaikie lawyer, was "totally without foundation." Mr Atlas knew "absolutely nothing about this transaction," he said. Mr Atlas is accused of using insider information to purchase 300 Memotec shares on January 9.

During the course of his rather chequered political career, Mr Blaikie, who once described himself as "a classic 19th-century Liberal after the fashion of John Stuart Mill" and was a Rhodes scholar, twice ran unsuccessfully for a seat in the House of Commons.

It was in conceding defeat in 1979 to Liberal, Mr Rod Blaker, that he made the utterance which has so far proved his most enduring legacy to Quebec politics. "It's not my loss," he said in a statement which has gone down in Liberal party folklore. "The loss is to the people of this riding (constituency) and the people of Canada."

Among his other accomplishments, Mr Blaikie, who once worked part-time for the Sherbrooke Daily Record, was one of three lawyers who challenged in the Supreme Court Quebec's controversial Bill 101 — the Parti Quebecois legislation designating French as the province's official language.

IMF AND WORLD BANK MEETINGS

West German growth 'satisfactory'

BY PHILIP STEPHENS IN WASHINGTON

WEST GERMANY'S economy has moved back on to a satisfactory growth path, with domestic demand rising at an annual rate of 3½ per cent, Mr Karl Otto Poehl, the Bundesbank's president, told the International Monetary Fund annual meeting yesterday.

Responding to criticism of West Germany's sluggish growth rate so far this year, Mr Poehl said that tax cuts planned for next January would give added impetus to the pace of expansion.

Overall, between 1986 and 1990 the country's tax reform programme would invovle cuts totalling DM 50bn, or 2½ per cent of national income. The process of tax reform and reduction would continue to improve the conditions for domestically-led growth, both on the supply and demand sides of the economy.

Mr Poehl underlined, however, his central bank's continuing commitment to price stability.

Quoting from the IMF's World Economic Outlook, he said: "The key objective of monetary policy remains the containment of inflation and inflationary expectations . . . We should not forget the lessons of past recovery phases, in which accelerating inflation brought the upswing to a premature end."

His comments were seen as signalling the Bundesbank's unwillingness to lead any downward shift in West German interest rates i nthe face of recent upward pressure in financial markets.

The Bundesbank president said that close co-ordination of policies between leading industrial nations was crucial if the adjustment in trade imbalances now underway was not to be undermined by volatile exchange rates.

He made it clear, however, that they could not rely on exchange rates alone to secure more balanced growth.

While close co-operation between governments and central banks was essential, "the primary responsibility for restoring internal and external balance rests with each individual country," he said.

Karl Otto Poehl: tax cuts will aid expansion

Yugoslavia prepares to unveil austerity package

BY ALEXANDER NICOLL IN WASHINGTON

YUGOSLAVIA said yesterday it was preparing a stabilisation programme for its economy with the aim of reaching agreements with the International Monetary Fund and commercial banks.

The country has run into payments difficulties this year although previously it had performed better than many debtors and had been repaying debt principal.

Mr Svetozar Rikanovic, Yugoslavia's Finance Minister, told the IMF/World Bank meeting yesterday that the programme would be austere but serve as a basis for adjustment with growth.

He said, however, that external adjustment over the past five years had "aggravated domestic imbalances and brought about accelerated price increases."

Capital outflows to service debt had been rising, especially to banks, and nearly 10 per cent of the country's gross national product had to be allocated to debt service in 1986 and 1987 while the GNP growth rate was less than 3 per cent.

Mr Rikanovic, who is chairman of the Group of 24 developing countries, noted that financial flows to developing countries "are negative and represent an absurd contrast to the efforts of these countries that are trying to adapt and structurally reform their economies."

Ecuador loan talks making progress

BY ALEXANDER NICOLL

ECUADOR is asking its creditor banks for a $400m loan as part of a package of financing under negotiation with the International Monetary Fund and other creditors, bankers said yesterday.

The country suspended interest payments earlier this year after an earthquake disrupted oil exports.

It is understood, however, to be making substantial progress in its talks with the Fund. Bankers are also well disposed towards Ecuador because, until this year's deterioration, the country had stuck zealously to its undertakings.

Bankers said, however, that considerable work remained to be done on analysing Ecuador's economy before finalising the amount that banks would be asked to provide.

Meanwhile, Uruguay is understood to be seeking a substantial new loan, perhaps as much as $700m as well as a rescheduling.

A $1bn loan for Colombia, regarded as a key example of voluntary lending because the country has not been forced into a debt scheduling, is almost fully syndicated.

Though bankers were asked for a proportion of their existing exposure as is normal with a "forced" Latin American loan, a number have put in more than their quotas.

WORLD BANK
WASHINGTON 1987

PERSISTENT attempts by Arab countries to diversify out of oil production are being thwarted by protectionist barriers in industrial markets, Saudi Arabia's finance minister, Sheikh Mohammad Abalkhail, told the IMF, Reuter report.

"The international community should not stand by and allow this alarming trend to continue," Sheikh Abalkhail said, noting that as much as half of all trade was now affected by non-tariff barriers. Protectionism has hampered Arab expansion into petrochemicals and is endangering other areas of trade, including agriculture and textiles, he added.


THEY'LL BE HERE ON 1ST OCTOBER 2001.

OVERSEAS NEWS

Leaders' rivalry irks Korean opposition

By Maggie Ford in Seoul

THE continued refusal of the two South Korean opposition leaders to agree to a single candidate in the presidential election due next December provoked anger in their party and public consternation yesterday.

Mr Kim Dae Jung and Mr Kim Young Sam has been holding repeated meetings for months over the issue without result. Each has asked the other to stand down. Concern is growing that they may both stand, thus splitting the opposition vote and allowing the ruling party candidate, Mr Roh Tae Woo, to win.

Mr Kim Young Sam yesterday demanded that his rival take over the presidency of the opposition Reunification Democratic Party, and allow him to stand for president. He said that he planned to call a party convention in the middle of next month where he would be declared the candidate. In a news conference, Mr Kim Dae Jung hinted that he may announce that he will run next week, possibly as an independent or as leader of a new party.

Party members, who are split into factions supporting one Kim or the other, expressed strong dissatisfaction with both leaders and pressed them to decide on one candidate. Newspaper editorials expressed dismay at their intransigence.

Although a list of four candidates for the presidency is now possible (a third Kim declared himself a likely contender last Monday), Mr Roh cannot be sure of victory. Analysts believe that voting intentions will remain unclear until very close to the December poll date.

Iraq launches programme for economic recovery

BY TONY WALKER, RECENTLY IN BAGHDAD

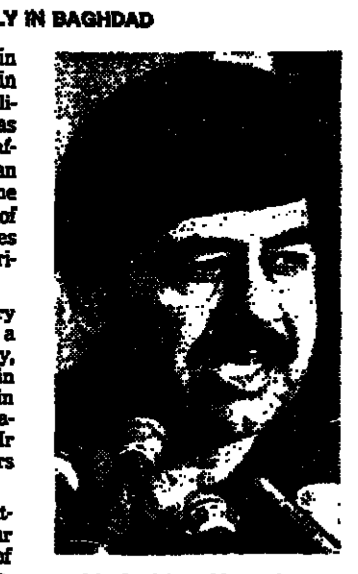
IRAQ's President Saddam Hussein could not be accused of lacking in boldness. Just at the moment earlier this year when his country was seeking to regain its equilibrium after withstanding a frenzied Iranian thrust on its southern borders, the Iraqi leader announced a series of dramatic economic initiatives aimed at enlivening Iraq's moribund economy.

Some of the reforms, in a country dominated for two decades by a heavy-handed socialist orthodoxy, would not have been out of place in Mrs Thatcher's Britain. Indeed, in several instances such as the unilateral abolition of trade unions, Mr Hussein exhibited a zeal that Mrs Thatcher could but dream about.

Central to the Iraqi leader's attempts to revive his country's war weary economy is a programme of privatisation and bureaucratic reform. He is gambling heavily on the co-operation of remnants of Iraq's private sector who have somehow managed to survive the lean years of Baath Party rule since 1968.

The response of private businessmen to the reforms has, thus far, been cautious, but there are some signs of enthusiasm. For example, the Government has managed to sell off dozens of fairly small enterprises in the agricultural and service sectors.

Inefficient state farms are being sold, along with poultry farms, dairies and apiaries. State-owned su-



Mr Saddam Hussein

permarkets have been auctioned off, and so too have hundreds of petrol stations and car maintenance centres.

State-owned transport companies have also been sold. A number of bus companies have been taken over by private operators. Iraqi Airways, the national carrier, is being restructured to allow about 50 per cent of its shares to be offered to the public.

Iraqi businessmen, including a handful of wealthy families, have taken the opportunity to secure businesses at book value prices or less. But there is little sign yet that prosperous Iraqis have begun to utilise billions of dollars held in bank accounts outside the country.

Mr Hussein has made no secret of the fact that a desire to encourage the use of these funds to revitalise the economy is behind the reforms. He has issued a decree saying in effect that "no questions will be asked" about the source of such funds if they are used to import raw materials or spare parts or machinery for productive purposes.

Iraqi businessmen, who have been forced for years to operate under rigid and sometimes capriciously-applied foreign exchange regulations, are understandably hesitant about taking advantage of Mr Hussein's "amnesty."

A hugely over-valued (by a factor of five to one against the black market price) Iraqi dinar is a hindrance to the government's efforts to unlock funds held abroad by Iraqi nationals.

No reliable figures are available as to the volume of these funds, but according to some estimates Iraqi savings in foreign banks could run into several billions of dollars. "There are very considerable sums stashed away overseas," said a Western commercial attache. "Old wealth still plays a large role in this country."

Radical Sri Lanka group kills soldier

By Mervyn De Silva in Colombo

THE VIOLENCE in the Sinhalese south of Sri Lanka has taken a serious turn for the worse with the first killing of a Sinhalese soldier by the outlawed People's Liberation Front (JVP), an ultra-nationalist group.

The soldier was killed and a corporal wounded when an armed band of youths wearing blue JVP uniforms attacked an army camp near Galle, 70 miles south of Colombo.

The JVP spearheaded the Sinhalese uprising against the July 29 peace accord signed by President Jayawardene of Sri Lanka and Mr Rajiv Gandhi, the Prime Minister of India, to give partial autonomy to the minority Tamil community and end the five year Tamil separatist revolt in the northern and eastern provinces.

The killing of the soldier is a reminder that while the Indian peace-keeping force is containing violence under control in the Tamil areas the Sinhalese army still faces a violent problem within the majority Sinhalese population. The JVP had been concentrating on murdering prominent supporters of the ruling United National Party (UNP) but appear to have included the military within their sights.

Up to 30 UNP activists, including several leaders of UNP local branches, have been killed.

Fears grow of new coup in Philippines

BY RICHARD GOURLAY IN MANILA

SOLDIERS LOYAL to President Corazon Aquino stopped unauthorised troop movements at roadblocks outside Manila yesterday and a colonel who took part in a failed coup last year announced he was the leader of rebel junta.

Both events sparked fears that a repeat of the August 28 failed coup attempt was imminent. Manila's jumpy residents appear sometimes to relish painting coup scenarios, however unlikely they might be.

Tension has been particularly high since the August coup attempt which nearly succeeded in toppling the 18-month-old Aquino Government. It was not preceded by any rumours of a coup.

The coup triggered a political crisis that has still not been resolved after a cabinet revamp that was supposed to be a fresh start.

The funeral on Tuesday of a left-wing trade union leader who was assassinated 11 days ago by unknown gunmen and the anti-government march which accompanied it added to the tension yesterday.

The two most recent coup attempts have each followed widely supported left-wing demonstrations.

The leader of the latest coup attempt, Col Gregorio "Gringo" Honasan, is still at large and has said he plans more action against the government, though he has not said what form it will take.

Soon after the August 28 coup, Col Honasan was reported to have set up a military junta, but the idea appears to have died until yesterday.

The rebel colonel, who declared he was the head of junta, Col Reynaldo Cabauatan, appeared to be involved in military rebel one-upmanship.

In a clandestine press conference in Manila he said he was not co-operating with Col Honasan and that the latter would support him and his junta.

A third colonel, Rudolfo Aguinaldo, operating in the northern Philipines, broke with the Government during the coup, but is still operating against the New People's Army (NPA) rebels.

Col Aguinaldo is believed to control close to 4,000 soldiers, constabulary, civilian militia, and surrendered guerrillas, and has been told by the regional commanders that he can continue to fight the Communists.

The unauthorised troop movements involved over 30 armed Philippine army soldiers. When they were stopped at a roadblock they claimed they were heading for armed forces headquarters at Camp Aguinaldo to complain about a commanding officer.

In a separate incident, troops in seven trucks were prevented from moving into the city by soldiers at a road block. However, it turned out that the movements were not unauthorised but only that the order had not got through to army headquarters.

Military observers dismiss Col Cabauatan's move as a flight of fancy.

Thais assail British film on sex and tourism

By Peter Ungphakorn in Bangkok

THE THAI Cabinet has accused a British television team of gross misconduct over the filming of a documentary on sex and tourism and threatened unspecified retaliation if it is not given the right to reply.

In a strongly-worded statement ministers accused the team preparing a programe for Channel 4 of damaging Thailand's good name by concentrating on sex and corruption in the tourist sector. The film makers are said to have only gone through the motions of approaching a senior official for an interview that could not be arranged.

This is not the first time British journalists have pricked Thai sensitivity. But the timing of the latest incident is particularly delicate because this year is Visit Thailand Year, a tourist promotion to coincide with the king's 60th birthday, an auspicious anniversary in the Oriental 12-year calendar.

The Government's attitude to sex and tourism is ambivalent. Its promotion concentrates on the more wholesome attractions of Thailand and this has brought increasing numbers of visitors in a record-breaking year for the industry that is now Thailand's largest foreign exchange earner. But the Government has also been quick to quash rumours about mounting numbers of people suffering from AIDS in some areas that cater specifically for sex tourism.

Thai women in particular complain about the attitudes of many foreign men who associate Thailand with sex and assume Thai women to be either promiscuous or prostitutes. In fact Thai culture is quite puritanical, and prostitution is illegal.

The Government complains that the Channel 4 team obtained permission to film a documentary on the geography and demography of Thailand but then shot footage dealing with police corruption, massage parlours, brothels, child prostitution and other aspects of the sex industry.

The Thai Government's statement says the Thai embassy in London will try to make sure a balancing interview can be filmed. Otherwise "appropriate action" will be taken.

Lebanon unions vote to strike

LEBANON's trade unions decided yesterday to launch a civil disobedience compaign, including a tax strike and an indefinite work stoppage, to protest against soaring prices, Reuter reports from Beirut.

"We will start the first of civil disobedience tomorrow," Mr Antoine Bechara, President of the General Labour Confederation, said after a union conference agreed on the campaign.

He said the unions were taking action because the inflation rate in the year to August was 345 per cent.

Taiwan stalls on China visits

BY BOB KING IN TAIPEI

TAIWAN IS stalling on the question of visits by its citizens to China, which observers think may reflect a serious difference of opinion within the ruling Nationalist Party over the proposed visits.

The party's Central Standing Committee, in its regular weekly meeting yesterday declined for the second week in a row to address the question —even as many Taiwan residents prepare for visits across the Taiwan Straits.

The visits, which were proposed some months ago by members of parliament and academics, were orginially for ageing Nationalist partisans, most of whom have not seen

There is concern that the Government will be seen as retreating from its oft-stated policy

their families in China for almost 40 years. But it quickly became clear that the Government could not give preferential treatment to one group.

Conservatives within the ruling party are clearly worried that the rapid pace of reforms, which began with the July lifting of more than 38 years of martial law, could destabilise society

They are also concerned that, by allowing visits, the Government will be seen to be retreating from its oft-stated policy of "no contacts, no negotiations, and no compromise" with the Peking regime.

On the other hand, conservatives and pragmatists alike will have to grapple with the question of reciprocity should Taiwan residents be allowed to go to the other side: the Government has already stated that mainland Chinese will not be allowed to visit Taiwan in return, but its arguments to this end would possibly sound hollow in the ears of the international community.

Harare axes local councils

IN A crackdown on the Zapu (PF) Party of Mr Joshua Nkomo, the opposition leader, the Zimbabwe Government yesterday dissolved six opposition-run district councils in Matabeleland province, saying the 104 councillors had links to armed rebels, AP reports from Bulawayo.

It followed the banning of Zimbabwe African People's (Patriotic Front) party political rallies and the closure of all Zapu offices nationwide.

Mr Enos Chikowore, the Local Government, Rural and Urban Development Minister, announced the dissolution of the councils in Bulawayo, administrative capital of Matabeleland province.

Zambia parcel bomb blast

BY VICTOR MALLET IN LUSAKA

A SUSPECTED parcel bomb exploded in the centre of Lusaka, the Zambian capital, yesterday morning, killing a postal worker and injuring seven of his colleagues.

The powerful explosion, a few yards from Cairo Road, the city's main shopping street, ripped through a post office lorry as the men were unloading international mail from a railway wagon. Some of the injured are in a serious condition in hospital.

A report by Zambia's official news agency said the mail was from South Africa, although police could not immediately confirm this.

Lusaka has been a target for bombs since the 1970s. The city houses the headquarters of the African National Congress, the organisation seeking to overthrow white rule in South Africa. In the past Zambia was also a base for Zimbabwean guerrillas fighting Mr Ian Smith's white regime in neighbouring Rhodesia.

An ANC worker lost his left arm and the fingers of his right hand in December 1985 when a parcel bomb exploded in his hands at Lusaka's main post office, close to the scene of yesterday's blast. In 1974 an ANC official was killed when a parcel bomb exploded at the movement's offices. More recently, a post office in a Lusaka suburb was damaged by a mysterious explosion in February

WORLD TRADE NEWS

Canada keeps alive hopes of US trade deal

BY DAVID OWEN IN OTTAWA

CANADA'S International Trade Minister, Ms Patricia Carney, kept hopes of a free trade deal between Canada and the US alive when she emerged from a day-long cabinet meeting to say there had been "sufficient movement on the American side to justify further consultations at the political level."

However, serious differences between the two sides — and apparently within the Canadian Government—appear to remain. A spokesman in Prime Minister Brian Mulroney's office later cautioned against the assumption that Ms Carney's comments meant that formal negotiations will resume.

In Washington, American officials expressed bafflement over the Canadian delay in deciding whether or not to resume the talks. The US Assistant Trade Representative, Mr Roger Bolton, said the US had been expecting a quick decision, following lengthy discussions in Washington between high-level politicians on both sides.

The definition of subsidies now appears to have emerged as the major potential obstacle to further progress following indications of some US concessions on the Canadian demand for an "impartial, bi-national and definitive" method of resolving bilateral trade dis-

Ms Pat Carney

putes.

The Canadian side is said to have sent US officials a new document on the subsidies issue during Tuesday's cabinet discussion.

Just prior to the suspension of formal negotiations, the two sides were investigating a compromise which would involve codifying subsidies and setting some of them in a so-called "safe harbour," outside the scope of future trade action.

Only four days remain before the midnight October 4 deadline for a draft treaty to be presented to Congress.

Air Liquide in Japanese joint gas venture

By Ian Rodger in Tokyo

AIR LIQUIDE, the leading international industrial gases group, has set up a joint venture with Denki Kagaku Kogyo, a Japanese chemical company, for the production of monosilane gas.

Monosilane gas is used in the production of semi-conductors and is also the main raw material in solar batteries, liquid crystal displays and the sensitive drum of copying machines.

The joint venture will adopt a new process developed by Denki Kagaku for making the gas. The companies believe it will make possible the production of gas that is "several times purer" than that which has been available up to now via other production methods.

The increased purity plus a relatively low cost of production should, in turn, make some products, such as solar batteries, more attractive to consumers, the companies said.

The joint venture, in which Denki Kagaku has a 51 per cent interest, will be capitalised at Y1.5bn, and production at the plant, which will have a capacity of "several hundred tonnes per year," is scheduled to begin in January 1989.

Air Liquide said it already operated two monosilane plants, one in France and one through its 65 per cent-owned Japanese subsidiary, Teisan, in Japan. The group intended to expand its position as a supplier of speciality gases to the electronics and new materials industries worldwide.

Europe faces a wave of imports from Japanese plants in the US, reports **Kenneth Gooding**

Transatlantic threat to EC car market

THE CAREFULLY constructed barriers put up to protect the European Community's car markets against imports from Japan face a new threat—from Japanese factories in North America.

Honda is setting the pace. It is committed to export 70,000 cars a year from the US by 1991, of which 50,000 will go to Japan and the rest of unspecified other markets.

There is little doubt, however, that western Europe will be the target for that 20,000 "surplus."

This compares with the 130,000 Japanese-built cars Honda expects to sell in western Europe this year, a 7 per cent increase on 1986.

Many observers believe Honda's predictions about the number of cars it will build in the US for export are deliberately conservative.

Honda also says it aims to push up the US content of its cars from 60 per cent at present to 75 per cent. So the vehicles would easily avoid the protectionist measures which have held back the advance of Japanese car imports in many of Europe's main markets.

These include the "gentlement's agreement" which restricts the Japanese to about 11 per cent of the UK new car market, diplomatic pressure which limits the Japanese to 3 per cent in France and an arrangement which pre-dates the Treaty of Rome keeping Japanese car sales in Italy below 2,500 a year.

The European companies are extremely unlikely to put up obstacles to North American car imports because the US is the most important export market for many of them, not only because of the volumes involved but also because of the high value of the vehicles exported.

Last year, for example, BMW and Daimler-Benz sold nearly 100,000 high-priced cars each in the US, Volkswagen-Audi sold nearly 200,000 and, on a smaller scale, Jaguar 24,500 — but that was more than half its total production for 1986.

Honda recently raised the possibility that the European motor industry might be squeezed by the Japanese from two directions—North America and Europe itself — when outlining its plans for a second car assembly plant in the US at East Liberty, Ohio, a few miles west of its existing factory at Marysville.

The new plant, to come into production in August 1989, will produce 150,000 cars a year. Privately Honda executives acknowledge that the second plant is expected to grow to the size of the Marysville factory, which has the capacity to assemble 350,000 cars annually.

Honda says not only does it want to be seen in the future as a domestic US producer, it also wants to become the biggest exporter of cars from

US-made Hondas: more distined for export.

North America.

Other Japanese car producers will be bound to examine the Honda export scheme to see if they should follow suit. It might well provide an answer for Toyota, the largest of the Japanese automotive companies, which so far has not announced plans to produce cars in Europe.

Toyota is to expand its car assembly in North America, firstly at the plant jointly-owned with General Motors at Freemont, California, and then with two wholly-owned factories, one in Georgetown, Kentucky, in the US and the other in Canada.

If Toyota took full control of the Californian factory, as many people expect, it would have the capacity to build about 500,000 cars a year in North America in the early 1990s.

Other Japanese companies are either building or already have North American factories, including Nissan (240,000 cars a year), Mazda (240,000), Mitsubishi, in co-operation with Chrysler (240,000), Suzuki, co-operating with General Motors (200,000), and Subaru and Isuzu in a joint venture (120,000).

In all, the capacity to produce more than 1.3m cars a year is about to be introduced by the Japanese in North America. Some of the cars will replace imports from Japan, some will take market share away from the US "big three" —GM, Ford and Chrysler— some will be exported back to Japan and to Europe.

It is still too early to guess the scope of this threat to the European car makers, which have mainly been preoccupied with the thought that the Japanese would set up on their doorstep rather than attack from across the Atlantic.

Europe's protectionist restrictions are already under pressure from Nissan's car plant at Washington, Tyne and Wear, in the UK, which should be producing 100,000 annually by 1991, and Honda's arrangement for Austin Rover to build about 40,000 cars a year in Britain for Honda's European dealer network by the early 1990s.

All these cars will have a local content high enough to be classified as "European."

The consensus of opinion in the European motor industry is that the Japanese should be held in check by protectionist barriers at roughly their present share of the European Community new car market— nearly 10 per cent last year— until the Japanese open up their own market to more imports.

Proof that the Japanese had dismantled some of the remaining non-tariff barriers would be if car imports to Japan increased to 5 per cent of the market compared with just over 2 per cent last year.

Swiss and Hong Kong hotel chains link up

BY JOHN WICKS IN ZURICH

MOEVENPICK, the Swiss hotels and restaurant concern, has entered into a joint venture with the Park Lane hotel group, owned by the Chan family of Hong Kong. In the coming five years the two companies hope to start operating between five and 10 four-star or "upper three-star" properties in South-East Asia.

These hotels, to bear the name Moevenpick Park, are intended to have between 150 and 300 rooms. Priority will be given to such key cities as Bangkok, Singapore, Seoul and Manila, subsequent locations possibly to include Sydney and Kuala Lumpur.

Park Lane currently operates the hotel of the same name in Hong Kong, as well as the Coco Palms in Hawaii and hotels in San Francisco and Oakland. Moevenpick Hotels International manages 20 hotels in Switzerland, Germany and the Middle East.

At the same time, Park Lane is to join the existing co-operation between the Swiss partner and the American hotel group Radisson, leading to a joint reservation system and printed guide for a total of some 150 hotels.

HK exports rise by over 36%

HONG KONG'S exports in August were more than 36 per cent ahead of exports in the same month last year, putting the British territory well on target to surpass the 27 per cent annual increase forecast by Mr Piers Jacobs, the territory's Financial Secretary, in his recent half-year economic review, David Dodwell reports.

According to provisional figures released by Hong Kong's census and statistics department, total exports in August amounted to HK\$34.7bn —36.5 per cent higher than the HK\$25.4bn total for August last year.

Cockerill, US group sign Soviet steel coating pact

BY NICK GARNETT

COCKERILL Mechanical Industries of Belgium and BIEC International of the US have signed an agreement to design, manufacture and install an advanced steel coating line in the Soviet Union.

The contract is for a new facility at the Cherepovets iron and steel plant near Moscow which will be capable of producing 320,000 tonnes a year of aluminium, zinc and aluminium coated sheet metal.

Cockerill Mechanical is part of the Cockerill steel group. BIEC, formerly part of Bethlehem Steel but now an associate company of the Australian John Lysaght group is a licensor of its own coating technology. Other equipment suppliers involved in the deal include the West German companies Fontaine Engineering and Otto Junker.

The Soviet Union, the world's largest steel maker, producing about 200m tonnes a year, has been shifting its steel industry towards lighter, flat rolled products and away from heavy, structural plate.

The specially coated steels to be made on the new line are used in construction and some consumer related products, such as car exhausts.

EC drops Japan DAT move

BY DAVID THOMAS

THE EUROPEAN Commission has ruled out taking interim measures to stop the launch of a revolutionary Japanese sound system scheduled for next month.

The Western music industry is worried that the system, called digital audio tape (DAT), will lead to a big increase in home taping, thereby draining its copyright income, because it allows almost perfect copying from a compact disc.

The industry has been lobbying the European Commission for legislation requiring manufacturers to include in the system's hardware and software an anti-copying device. The Commission is intending to produce a green paper on the subject.

The industry has also asked for interim measures such as import duties on imported DAT recorders until recommendations in the green paper, which has been long awaited, are put into action.

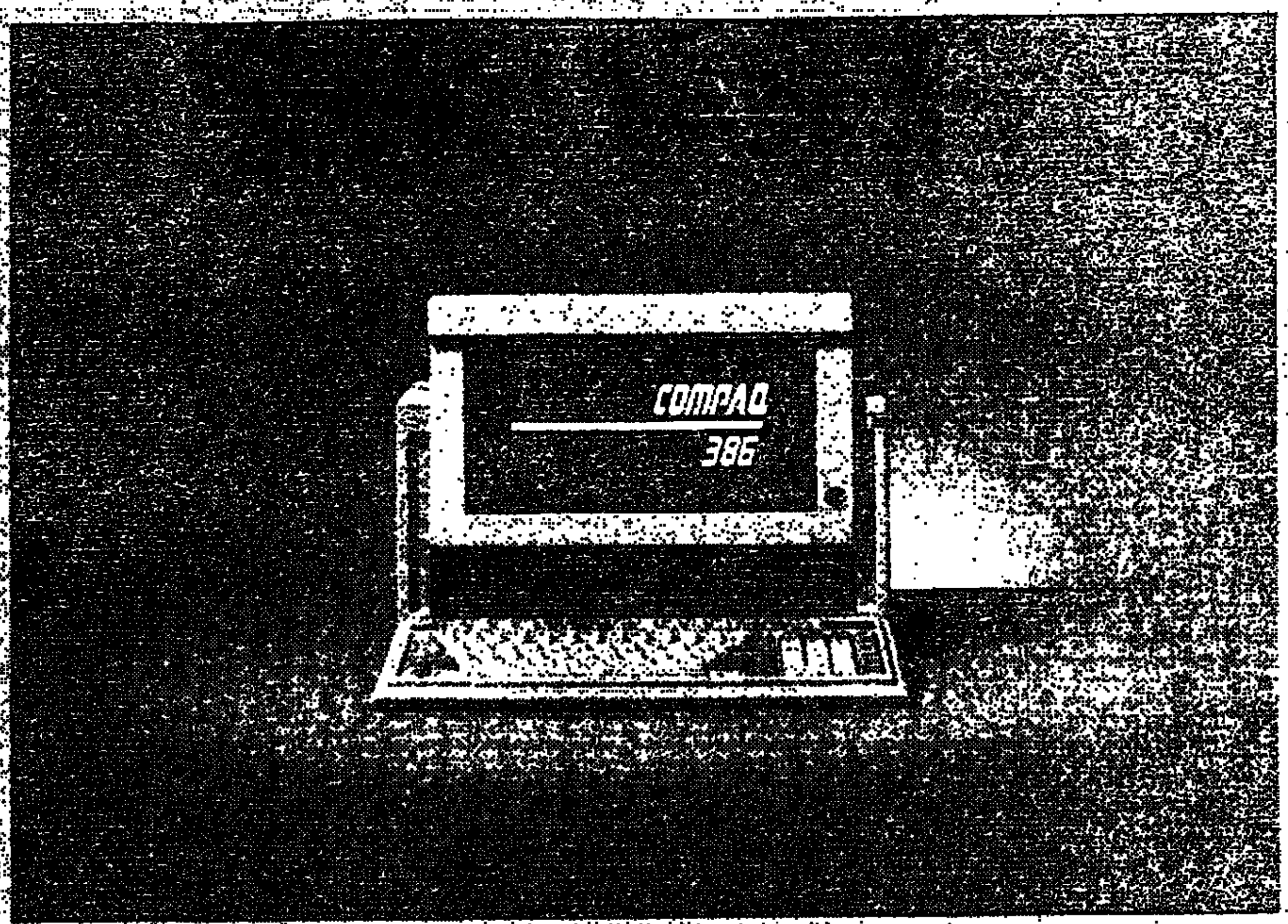
Added urgency has been given to the industry's lobbying by the decision of Sony, the Japanese electronics group, to launch DAT recorders in Europe next month.

However, Lord Cockfield, vice-president of the European Commission, has ruled out interim measures in answers to questions from the European Parliament.

His statement was criticised by the music industry and by some MEPs on the ground that they would send a signal of European weakness to the Japanese.

Lord Cockfield explained that there was no consensus yet on how to stop DAT being used for unauthorised copying.

He added that the Commission still had time to make sure it made the right decisions "in the first year of marketing of these devices sales are unlikely to exceed 10,000-15,000 because of the high cost of the apparatus involved."



AS USUAL WE'RE AHEAD OF OUR TIME.

Sorry if we startled you. Some rather astonishing things are happening in the computer business these days.

In fact you're looking at two of them: the Compaq Portable 386 and the Compaq Deskpro 386/20.

Our second generation of 386 based p.c's; the most powerful personal computers available.

These machines make the competition look like slide rules. They are the most advanced p.c's ever built. Well we are the performance leader in 386 based technology. (just ask anyone who knows about computers).

Feast your eyes on these specs (if you're allergic to jargon you can skip this paragraph): 20-MHz 80386 microprocessor; 1MB of 32-Bit RAM; from 40 to 100MB fixed disk drive on the Portable 386 and up to a mega 300MB in the Deskpro 386/20.

We're giving away Microsoft's new Windows/386 Presentation Manager free with each machine, so you can indulge in multitasking with existing applications. (Doing five things at once without going mad.)

You'll find they compare more than favourably with the new boxes from IBM. (A bit like a Maserati with a Morris Minor.) But don't take our word for it, nip round to your nearest Compaq Authorised Dealer and put them to the test. (Or give us a ring on Freefone 0800 444123 and we'll rush you details through the post.)

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Rival brokers strike deal over staff defections

BY NICK BUNKER

HOGG ROBINSON & Gardner Mountain, the insurance broker, has staved off a possible courtroom battle over the attempted poaching of 17 members of its "political risks" team. It has struck a deal with Lloyd Thompson, a rival broker, which was trying to recruit them.

Both companies refused yesterday to disclose the exact terms of the agreement. However, it was widely believed in the Lloyd's of London insurance market that the deal means that five of the 17 people will join Lloyd Thompson but will face a period during which they will be prevented from talking to Hogg's business clients.

The agreement followed a threat of legal proceedings by Hogg against Lloyd Thompson.

In an official statement, Hogg said that the staff defections had been "curtailed by mutual agreement" between the two companies "in the interests of clients, underwriters and staff."

It said that the position of "certain directors" who had planned to leave was being reviewed and that discussions were continuing with more junior staff. Hogg said its position and those of its clients had been safeguarded.

The matter is sensitive, because Lloyd Thompson, a small but dynamic broker formed in 1981, is planning to obtain a full stock market listing later this month via a placing of 25 per cent of its shares.

Mr Ken Carter, Lloyd Thompson's chief executive, is understood to have told stockbrokers' analysts and institutional investors at a presentation yesterday that he was satisfied with the agreement.

A further complication is that "political risks" broking is itself sensitive since it involves arranging insurance for international companies against risks such as expropriation of their assets.

Ken Carter, satisfied with the agreement

News of the agreement emerged yesterday morning, 10 days after word began to leak out that the 17 staff were planning to leave to join Lloyd Thompson. They consisted of 11 brokers, two claims brokers, three secretaries and a senior technician, and included two leading political risks experts, Mr Mark Drummond Brady and Mr Jack Barnes.

Hogg has emphasised publicly that it would not expect even the loss of the full 17 people to have a serious effect on its political risks business, where it has 178 employees altogether.

In its annual results for the year to March 31 1987, Hogg disclosed that it had suffered a "£2m reversal" in political risks insurance broking, a sign that the political risks market is at present in the doldrums.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1986							
1st qtr.	109.1	102.8	97	119.2	146.8	3,171	165.5
2nd qtr.	109.9	104.2	97	121.3	154.0	3,263	175.6
3rd qtr.	111.0	105.2	96	123.7	158.7	3,262	200.2
4th qtr.	111.1	107.5	94	126.5	194.3	3,141	212.0
1987							
1st qtr.	112.2	107.7	91	125.4	157.0	3,073	216.4
2nd qtr	113.0	109.7	91	128.3	166.0	2,965	224.1
February	112.7	108.4	93	127.8	154.5	3,066	207.1
March	113.1	108.7	91	125.5	157.8	3,046	210.6
April	112.9	109.3	90	130.0	169.0	3,018	212.9
May	113.8	109.9	90	125.4	161.3	2,952	221.2
June	112.3	109.8	91	129.4	167.2	2,925	233.3
July	114.8	111.6		131.2	173.7	2,876	234.9
Aug.				131.8		2,833	237.5

OUTPUT-By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Cnsmer goods	Invest goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	102.9	101.4	114.9	101.5	109.6	103.1	14.6
2nd qtr.	105.3	101.7	115.8	103.0	110.3	104.2	19.5
3rd qtr.	106.4	101.7	117.4	103.6	109.2	103.3	19.4
4th qtr.	108.4	103.4	116.1	105.6	110.0	104.7	15.5
1987							
1st qtr.	107.8	103.9	118.1	106.2	114.7	102.4	17.4
2nd qtr	110.2	105.3	117.8	107.7	120.8	104.3	19.4
January	109.9	102.3	116.5	105.0	107.0	103.9	12.7
February	108.5	103.8	118.8	106.9	121.8	103.6	18.6
March	108.6	105.7	119.0	108.0	116.0	102.6	20.8
April	110.6	105.1	117.9	107.8	117.8	105.0	18.1
May	110.6	105.0	119.3	108.8	121.8	104.6	20.2
June	109.9	105.8	116.4	108.8	125.8	104.9	19.9
July	111.8	107.5	118.4	110.9	121.8	106.0	19.4

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1986							
1st qtr.	117.5	124.9	-1,227	+682	+1,880	101.0	18.75
2nd qtr.	121.9	129.1	-1,608	+146	+763	102.5	19.20
3rd qtr.	122.6	139.9	-2,891	-910	+621	102.2	22.43
4th qtr.	130.5	144.0	-2,725	-969	+785	100.9	21.92
1987							
1st qtr.	130.8	133.2	-1,135	+672	+1,164	100.5	27.04
2nd qtr	128.3	140.7	-2,361	-174	+1,032	103.7	34.36
January	124.6	131.4	-517	+85	+382	100.2	21.95
February	138.4	133.0	-202	+401	+328	100.4	22.26
March	126.9	138.2	-417	+185	+454	100.8	27.04
April	131.4	138.6	-326	+293	+423	102.8	29.81
May	123.9	144.3	-1,096	-367	+365	103.8	34.66
June	123.5	139.1	-740	-11	+245	104.4	34.36
July	131.3	147.6	-910	-310	+284	103.1	34.91
Aug.	126.4	154.9	-1,529	-929	+374	103.6	34.40

FINANCIAL-Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
1st qtr.	4.1	21.4	19.3	+6,202	2,229	+835	11.50
2nd qtr.	3.1	25.8	27.3	+8,455	1,432	+246	10.00
3rd qtr.	5.8	30.3	15.4	+6,986	168	+782	10.00
4th qtr.	7.6	15.3	14.1	+10,516	2,614	+444	11.00
1987							
1st qtr.	1.2	28.6	20.2	+6,667	1,465	+932	10.00
2nd qtr	3.3	29.7	29.3	+8,657	1,804	+1,033	9.00
January	7.7	18.1	13.5	+1,707	446	+257	11.00
February	8.1	18.9	17.8	+2,873	472	+296	11.00
March	-3.8	33.8	29.4	+2,082	547	+399	10.00
April	0.1	20.9	33.6	+1,971	727	+410	9.50
May	5.5	37.6	32.8	+2,752	521	+294	9.00
June	4.5	30.8	21.9	+3,334	556	+329	9.00
July	7.7	34.5	24.2	+4,382	347	+228	9.00
Aug.	7.1	22.5	21.0	+1,361			10.00

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earnings*	Basic matls.*	Whsale. mnfg*	RPI*	Foods	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	132.4	143.3	96.5	96.9	1,825	75.1
2nd qtr.	184.0	135.8	145.7	97.8	98.7	1,714	76.1
3rd qtr.	187.4	128.5	146.3	97.9	98.2	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.2	1,598	68.2
1987							
1st qtr.	192.0	129.3	149.3	100.3	100.5	1,530	69.9
2nd qtr	198.0	128.7	150.8	101.9	101.8	1,598	72.8
January	190.4	131.7	148.9	100.0	100.0	1,602	68.8
February	191.2	129.6	149.3	100.4	100.7	1,601	69.9
March	194.5	128.2	149.7	100.6	100.7	1,539	71.9
April	195.9	128.4	150.5	101.8	101.6	1,534	72.4
May	198.1	128.0	151.0	101.9	102.2	1,612	73.3
June	200.0	129.7	151.1	101.9	101.8	1,629	72.6
July	203.1	130.5	151.2	101.8	100.4	1,632	72.8
Aug.		131.5	151.6	102.1	100.7	1,656	72.3

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

Transport study shows a nation on the move

By Kevin Brown, Transport Correspondent

THE PROPORTION of British households with two cars has risen from 11 per cent to 18 per cent since 1976, while the proportion of families without a car has fallen from 44 per cent to 37 per cent, according to a government report published yesterday.

The figures appear in the annual edition of Transport Statistics Great Britain, published by the Transport Department - a vast collection of 223 pages of detailed information on almost everything that moves.

The report shows that the average household spent £26 a week on transport and travel, accounting for about 15 per cent of weekly expenditure. Around £22 of that was spent on purchasing and running motor vehicles.

As a nation, the British spent £58bn on transport in 1985, the last year for which full figures are available. Of that, £13bn went to the Treasury in taxes.

The report says total passenger movements by all types of inland travel rose by 27 per cent between 1976 and 1986. Travel by car and taxi rose by 37 per cent, bus and coach travel fell by 23 per cent, and rail travel remained steady.

Travel by motor cycle, which declined during the 1960s, increased rapidly between 1975 and 1982, but has declined in recent years, as has the use of pedal cycles.

Taking a longer view, the report says the principal change in travel habits since the 1950s has been an eightfold increase in the use of cars and taxis. Air travel has grown even faster than motoring but still accounts for less than 1 per cent of the domestic market.

Other statistics produced by the report show that road deaths increased by 4 per cent between 1985 and 1986 to 5,400, although that was still 600 less than in 1980, and 2,100 less than in 1970.

Motorway traffic accounted for nearly 15 per cent of road traffic, compared with 11 per cent in 1980 and only 5 per cent in 1970.

In London, average traffic speeds during the evening rush hour fell to 17.2 mph in 1986 from 18mph three years ago, and 18.6 mph in 1970. The number of commuters using private transport fell by 10,000 last year, but an extra 29,000 used public transport.

Transport Statistics Great Britain. HMSO. £18.95.

Berni Inns starts franchising

BY DAVID CHURCHILL

BERNI INNS, the restaurant chain owned by the Grand Metropolitan group, is today expected to announce plans to expand its restaurant operation through franchising for the first time.

Berni is believed to be looking to add another 100 restaurants to its existing chain of 200 over the next five years.

Its decision comes as figures published yesterday show that sales through franchising grew by 40 per cent last year to top £3.1bn. The industry is forecast to be worth £7.7bn by 1992.

The figures came from the Power report on franchising which was commissioned by the British Franchise Association and sponsored by the National Westminster Bank.

The report shows that there are 253 companies offering franchising systems, accounting for about 15,000 outlets. The industry provides 169,000 jobs, according to the report.

Mr Tony Dutfield, director of the association, saidyesterday there had been confusion in the past about the numbers of companies involved in franchising.

"As franchising has grown in popularity, the industry has begun to attract a number of people who have sought to use its successful image for their own businesses without necessarily adopting the same ethical procedures," he said.

"This has confused the overall picture and made it increasingly difficult for prospective franchisees to evaluate the options open to them."

Franchising in the UK. Power Research Associates, 17 Wigmore Street, London, W1. £95.

● Grand Metropolitan yesterday put its pub, hotels and restaurants businesses into one company called Grand Metropolitan Retailing. Mr Barry Gibbons, chairman of Grand Metropolitan Retailing, said: "We are simply confirming the kind of business we have been developing in recent years and making some very clear signals for the future."

Co-op Bank

IN YESTERDAY'S Financial Times it was reported that in July last year Lloyds Bank became the first clearing bank to introduce a standard tariff for its small business customers. The Co-op Bank has asked us to point out that it launched such a tariff in 1982.

Revolution 'needed in industry'

BY RALPH ATKINS

A REVOLUTION among Britain's industrial leaders and a reappraisal of the research and training in manufacturing industry were called for yesterday at a conference of economists and industrialists.

The conference on manufacturing in Britain, organised by the National Institute of Economic and Social Research in London, set out to examine the downturn in manufacturing in the early 1980s and the subsequent revival.

There was widespread feeling that action was needed if UK manufacturing companies were to make the jump necessary to catch up with competitors in Japan and West Germany.

Mr Andrew Britton, who chaired the debate, said official figures showed output was back to 1979 levels, making it an appropriate time to consider its future.

The conference, attended by about 30 representatives from industry, universities and the government, was the first to be organised by the institute on the subject.

Papers presented included a discussion of the UK's industrial policy, the role of new technology and the productivity gap between the UK and Germany. The papers will be published in the November issue of the National Institute Economic Review.

Mr David Mayes, of the National Economic Development Office, described the future of manufacturing as "a subject of fundamental importance." The UK, he said, remained dependent on manufacturing even though it accounted for a declining share of national income.

Such dependence was apparent, said Mr Mayes, from figures for the UK's balance of trade. Manufacturing also had considerable potential for productivity gains and spin-offs from research and development.

However, he emphasised that manufacturing was not of overriding importance for economic prosperity.

'In financial services and in oil production there is also room for productivity growth and it can grow here as fast as in manufacturing,' he said.

Professor Christopher Saunders, of the University of Sussex, called for a re-examination of the economic history of Britain's competitor nations. He believed defeat in the Second World War had forced a change in leadership in government, education and industry in Japan and Germany.

Perhaps, he suggested, a similar revolution in the UK, bringing in younger blood, would boost substantially the performance of manufacturing companies.

The relationship between manufacturing and job creation was mentioned by only a few speakers. However, Mr Ronald Somerville, a director of Turner & Newall, argued that it was wrong to talk merely of a problem of transition when school leavers in some regions had no chance of obtaining long-term employment.

Companies, he said, had to make a 'enormous jump forward'

Mr Keith Pavitt, of the Science Policy Research Unit at Sussex University, asked whether the Ministry of Defence in the UK had a definite industrial policy.

The ministry, he thought, was a 'sleeping or twitching elephant' that put far more money into the electronics industry, for instance, than the Department of Trade and Industry could ever hope to do.

Later Mr Pavitt talked about 'key weaknesses' in the UK's new technology capability. In response to claims that there had been a significant improvement in the research and development performance of UK companies, he admitted there had been some change but other countries continued to spend more on creating horizontal links between research and industry.

Defence cuts may stop radar upgrading

BY DAVID BUCHAN

THE MINISTRY of Defence may postpone a £30m navy helicopter radar modernisation programme as part of economy measures necessitated by the Government's intention to cut defence spending by 6 per cent in real terms in 1987-89.

In its public expenditure review with the Treasury, the MoD is fighting for more money to avoid equipment cuts on a scale that government critics would claim amounted to a defence review.

The Treasury is so far refusing to let the MoD backslide from last year's public expenditure statement calling for a downturn in the defence budget until 1989, and a levelling off in real terms thereafter.

MoD officials say that one of the cuts being contemplated is the postponement of the upgrading of the radar carried by Lynx helicopters on frigates.

Ferranti makes the Sea Spray radar and is offering a modernised version of the radar, in competition with MEL, the UK defence electronics subsidiary of Philips, which has offered its privately developed Super Searcher radar.

The Lynx radar competition started in 1985 and it had been expected that a contract award would have been announced this summer, or at the latest at last month's Royal Navy Equipment Exhibition.

A further complicating factor is that Westland, the helicopter maker, is bidding to sell South Korea the Lynx helicopters with the Ferranti radar, and a possible switch by the Royal Navy from Ferranti to MEL might upset any chance of Westland gaining a much-needed export order.

One possible compromise is to announce the winner of the Lynx radar competition for the Royal Navy, without the MoD immediately placing an order with the winning company. That would answer the desire of the South Koreans to know the Royal Navy choice before making their decision on whether to buy British, US or French helicopters, but without committing the MoD to a new programme before 1989.

The Government has consistently refused to begin a formal review of defence policy, or of commitments that might save substantial sums of money. At the same time, it is sensitive to the charge that its commitment to the Trident nuclear programme is squeezing conventional defence equipment.

At next week's Conservative party conference, the Government is expected to announce that it is inviting tenders for four Type 23 frigates. But that would not commit the Government to the precise timing of the frigate contracts, which is what the UK's beleaguered shipyards most want to know.

Younger 'cautious' on further arms cuts

BY JOHN HUNT

MR GEORGE YOUNGER, the Defence Secretary, yesterday urged a cautious approach to further nuclear disarmament in the wake of the agreement in principle between the US and the Soviet Union on intermediate-range nuclear weapons.

"It is important for people to realise that an intermediate nuclear force agreement does not represent the first step that will lead to a Utopian nuclear-free Europe," he said.

"Nuclear weapons will remain the essential basis for European security for the foreseeable future."

Mr Younger's speech, made to the Carlton Club Political Committee in London, was similar in tone to the statement made by Mrs Margaret Thatcher, the Prime Minister, during her visit to Berlin last week.

He said many people were looking beyond an agreement on intermediate weapons but, as Defence Secretary, he would be failing in his duty if he did not inject a note of caution.

Britain must still press ahead with the Trident programme. Even if 50 per cent cuts in strategic weapons were achieved, Trident would still represent only 6 per cent of the superpowers' arsenals, a tiny proportion.

"It will therefore remain the ultimate guarantee of our security from the mid-1990s onwards," he said.

For deterrence to remain effective, Britain and its allies had to ensure that they had an adequate range of options, both nuclear and conventional, to respond to aggression.

Coal price rise feared after electricity privatisation

BY MAURICE SAMUELSON

COAL PRICES might rise after privatisation of the electricity industry unless the Government simultaneously makes clear its proposals on the future of the coal industry, it is claimed today.

The Electricity Consumers Council, the industry's statutory watchdog body, issues the warning in a study of the relationship between the two industries and the likely effect of privatising power stations.

Commenting on the report, Mr Tony Boorman, the council's deputy director, says: "If the Government isn't careful, coal prices may actually rise as a result of electricity privatisation and lead to higher bills."

The regulation of a private electricity industry, he says, "must be designed so that inflated coal purchasing costs are not automatically passed on to consumers."

The report questions the belief that a privately owned electricity industry would be able to obtain coal at a lower price than a state-owned industry.

"This is by no means certain. If...world market prices do not fall and UK coal demand rises because nuclear power is not economic in the private sector, then British Coal, as the monopoly supplier, will be well positioned to exert its market dominance and push up the average price of coal.

"The Government's desire to see British Coal break even and become profitable as soon as possible can only add to these upward pressures on prices."

The more companies which would be involved in generating electricity, the easier it would be for British Coal to exert market dominance through discriminatory pricing.

The council's anxieties stem from the Government's announcement that it has no present plans to privatise the coal industry and its suggestion that this would be impossible before the shape of a private electricity industry was determined.

Privatising Electricity: Coal and the Interest of the Electricity Consumer; privatisation discussion paper 3. Electricity Consumers Council, Brook House, 2-16 Torrington Place, London WC1E 7LL. £5.

Industry 'pays more for gas than European rivals'

BY LUCY KELLAWAY

INDUSTRIAL CUSTOMERS of British Gas are paying significantly more for their gas than their European competitors, according to a survey by National Utility Services.

The survey shows that an average price of 34.2p a therm paid by British business this year is the highest in Europe. That is a marked change from the position last year when UK gas was cheaper than in West Germany, France and Belgium.

Since last year average prices have fallen by 1 per cent in the UK whereas in other European countries reductions have been as large as one third, the survey says. It shows that the discrepancy is particularly large for "interruptable" supplies, which allow consumers to switch between gas and alternative fuels.

The findings of the survey, which was carried out from a sample of 750,000 businesses around the world, will lend weight to a campaign started earlier this year by a group of industrial customers who are protesting at prices charged by British Gas.

Earlier this year Sheffield Forgemasters wrote to the Office of Fair Trading and to the European Community complaining about the level of prices. It also attempted to have Sir Ian MacGregor, former head of the British steel and coal corporations, elected to the board of British Gas to look after the interests of industry, a motion that was defeated at the British Gas annual meeting last month.

● The Office of Gas Supply, the regulatory body, has written to British Gas asking for more information on a recent report that suggests that one in 20 gas meters give inaccurate readings.

The report, released yesterday by the Gas Consumers Council, found that 11 out of 211 meters overestimated consumers' bills by more than the legally permissible 2 per cent.

The meters, which are of the new "synthetic diaphragm" type, have been installed over the past six years in 6m of the 17m homes which use gas.

Motor trade criticised again over car services

BY JOHN GRIFFITHS

THE UK's motor trade is strongly criticised today for the sixth time since 1970 by the Consumers' Association.

In a report on the standards of car servicing by garages, the association's Which? magazine declares in its October issue that only five garages out of 28 surveyed throughout the country carried out work "almost properly" on cars submitted for service.

This latest survey, undertaken with the help of Trading Standards Officers, has led the association to call on the Government, the Office of Fair Trading, manufacturers and trade associations to establish a system of continuing, anonymous checks on randomly-chosen garages.

Some of the best known "quick-fit" specialists that have moved into the car servicing sector, and whose marketing has laid heavy emphasis on efficiency and low prices, fared badly in the latest survey.

A service by Kwik-Fit Euro, Britain's largest such chain, rated the worst category - "very poor" - in the survey and a Pirelli-owned Standard Motorists Centre outlet rated "poor".

Trading Standards Officers, who revealed their identities when faultily serviced cars were returned to the garages for comment, were told by Kwik-Fit that it had already dismissed the mechanic responsible.

The overall conclusion from the study, the association said yesterday, was: "Many garages are still taking motorists for a ride. Despite the introduction of codes of practice and trade association guidelines, there are enough dodgy practices, misunderstandings and feeble excuses to worry the most confident customers."

The Motor Agents' Association, which represents most of the UK's retail motor trade, said that although it could not defend low standards in the trade, "most of the complaints in the survey seemed to be about very small omissions."

GM and Isuzu invest £18m in Luton vans

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS, the world's largest automotive group, and Isuzu, its Japanese associate, have invested £18m in their new joint-venture company which yesterday formally took over van-making facilities at Luton, Beds, previously owned by GM's Bedford subsidiary.

Although Isuzu has a minority shareholding in the new company, called IBC Vehicles, the president, that is chief executive, will come from the Japanese company. His name will be announced after the UK Government provides a work permit. There will be five other Isuzu executives, acting as so-called advisers, in IBC's 21-strong management team.

The senior GM representative is Mr D.N. Nick Reilly, who has held several executive posts with GM, most recently concerning the joint-venture talks, who is IBC vice-president.

The new company, owned 60 per cent by GM and 40 per cent by Isuzu, employs 1,300 people and can make 40,000 vans a year. Isuzu is expected to supply most of the technology and expertise because IBC's remit is to develop and make vans.

Vauxhall, GM's car subsidiary, will be responsible for sales and marketing of the vans in the UK. It will continue to make Bedford car-derived vans at Ellesmere Port, Merseyside.

Marketing arrangements in continental areas have still to be completed. It is likely Convesco, another GM-Isuzu joint-venture company, based in West Germany, will be responsible.

The Luton plant made 19,873 vans last year, including 8,953 micro-vans, 5,446 midi-vans and 5,474 CF panel vans. Output this year is expected to total 19,500 vans - 10,700 micros, 6,200 midis and 2,600 CFs.

Production of the mainly-British CF vans stopped in August. IBC now makes two vehicles based on designs from GM's Japanese associates. The micro van, sold in the UK as the Bedford Rascal and Suzuki Carry, is derived from a Suzuki vehicle. The Bedford Midi is based on an Isuzu design.

Suzuki GB, a Heron Group subsidiary, will continue to market the Suzuki Carry vans in the UK.

GM has a 40 per cent shareholding in Isuzu and owns 5 per cent of Suzuki in Japan.

In April, GM said, its van operations, in which it invested £70m in the previous three years, were losing £500,000 a week and the joint venture provided the only way to financial viability.

However, it insisted on new production methods and far-reaching changes in working practices before completing the deal with Isuzu, and it took some time to reach agreement with the unions.

Inner-city youth skills scheme to expand

By Alan Pike, Social Affairs Correspondent

THE GOVERNMENT will today announce plans to expand a scheme designed to spot and train young entrepreneurs in the inner cities. It will contribute £500,000 towards the cost of the scheme over the next 12 months.

Ministers have agreed that the Industrial Society should continue the work started a year ago in six areas and have added four new ones: Spitalfields in London, Handsworth in Birmingham, Moss Side in Manchester, and Hartlepool.

The scheme was launched a year ago in inner-city parts of Middlesbrough, Leeds, Leicester and Bristol, and North Peckham and North Kensington in London.

The society, in a report on the year's experience, concludes that "many people in the inner cities have been encouraged to identify and develop their skills."

In the first year 75 young potential entrepreneurs were identified and began training for self-employment on the society's Head Start in Business training scheme.

That involves a seven-week course run by managers from industry and commerce. The course covers finance, bookkeeping, marketing and other aspects of running a small business.

The young are given training, business contacts and other advice needed to start their own enterprises. Their early business efforts after training are then supervised by a local business person.

The society has also worked with 2,500 young people in inner-city schools, in the six areas, on other initiatives designed to improve school-industry links.

The society, in its report, emphasises the need to increase the number of companies supporting the initiative. A difficulty is that in some inner-city areas few companies have survived, resulting in "a feeling within the areas of being cut off from the surrounding town and its economic life."

The report lists the scale of problems in the six areas where it has been operating. Although the six areas showed an average unemployment level of 25 per cent some had pockets of more than 40 per cent. The rate was much greater in the black community.

BT to invest in Canadian exchange

By David Thomas

BRITISH TELECOM is to spend C$60m (£27.8m) developing the flagship private telephone exchange made by Mitel, the Canadian telecommunications equipment manufacturer, of which BT owns 51 per cent.

In return, BT will receive a percentage of the sales of the exchange, known as SX-2000, once the developments come into effect.

BT said it was interested in the project as part of its strategy of increasing its involvement in information technology.

Allocating funds for a specific project in that way is a new phase in the relationship between BT and Mitel. BT has concentrated on providing the resources to turn Mitel round since it acquired its stake last year.

One of the main factors that plunged Mitel into financial difficulties before BT acquired its stake, was that the company underestimated the resources needed, particularly on software, to develop the SX-2000.

Overseas sales of clothing and textiles increase

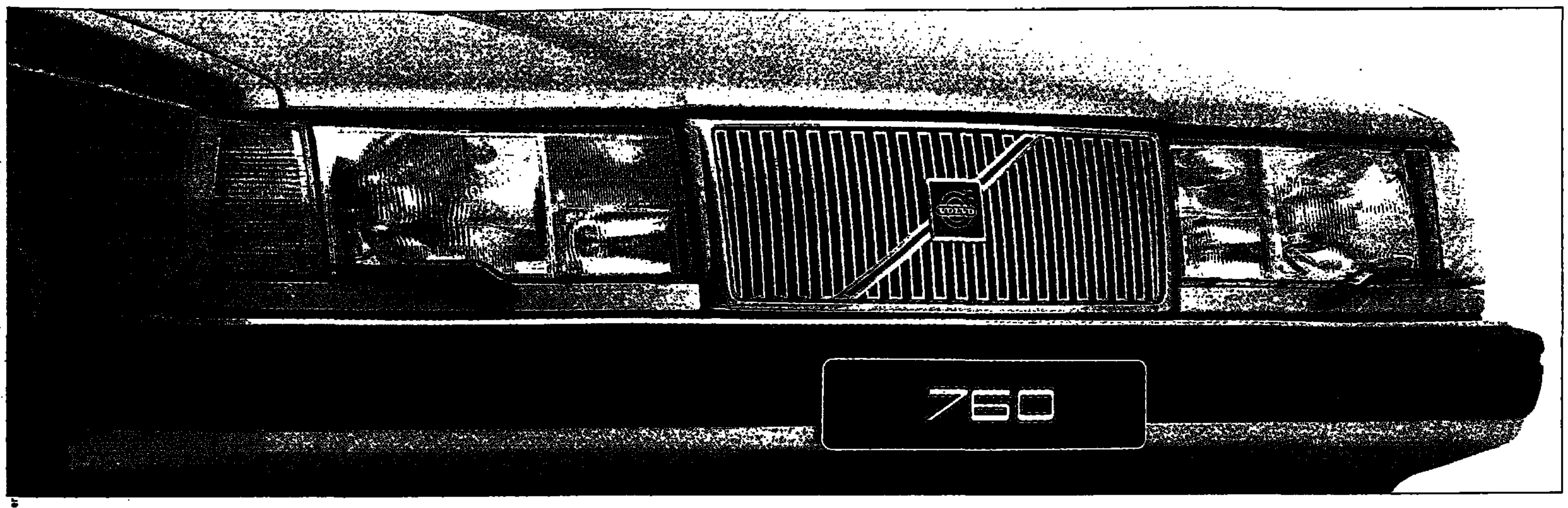
By Alice Rawsthorn

BRITAIN'S TEXTILE and clothing manufacturing industries enjoyed a healthy increase in export sales in the first half of the year. However, a rise in imports ensured that the trade deficit widened.

In the first six months, exports of textiles and clothing increased by 10 per cent to £1.6bn, according to the British Textile Confederation. The most fertile markets were those within the European Community, where the industry benefited from relatively competitive exchange rates.

The clothing sector fared best, with a 15 per cent growth to £577m. Moreover, the wool industry performed particularly well, following a slight downturn in 1986.

But imports of textiles and clothing into Britain also increased, rising by 9 per cent to £3bn. Thus, although exports grew faster than imports, the balance of trade deficit within textiles and clothing has widened. At the end of the first half it had reached £1.4bn, compared with £1.3bn in the same period last year.



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UK NEWS

BDO accountancy firm faces break-up threat

RICHARD WATERS

BDO, the world's tenth largest accounting firm, faces the loss of a significant member of its network to larger rival Price Waterhouse, and an open invitation to all others to follow suit.

The move is likely to spark a wave of approaches to other BDO firms, and is further evidence that medium-sized accounting firms are under threat.

It echoes similar approaches to KMG firms last year when a major part of its network defected. KMG, the number nine firm and similar to BDO in its loose federal structure, subsequently merged with Peat Marwick to form the world's largest firm.

Dijker en Doornbos, BDO's Dutch firm which accounts for nearly a quarter of its worldwide fees of $520m, has told other BDO members that it is about to start merger discussions with Price Waterhouse. It is believed to be unhappy with the arrangements for referring work between firms within the BDO group.

The loss of Dijker, the "D" in BDO, would be a major blow to the group - though it is putting a brave face on the matter. "I don't see this as something that will shake us to roots to the same extent at KMG," said Mr John Norton, senior partner of Binder Hamlyn, the group's British firm. He added: "It obviously isn't good news."

Price Waterhouse has not approached BDO with a view to a merger, said Mr Bernard Lee, international chairman. But it is believed to be planning an open invitation to all BDO firms, to be made by Dijker.

Binder Hamlyn lost two important audit clients - Reuters and Redland - to Price Waterhouse two years ago, sparking doubts about its ability to survive outside the magic "Big Eight" of the accountancy world. Its lack of international strength was given as a reason for the losses - a weakness further highlighted by the Dijker threat.

Workplace cancer screening urged

BY CHARLES LEADBEATER, LABOUR STAFF

CIVIL SERVICE unions plan to press strongly for the introduction of workplace cervical cancer screening for 300,000 women civil servants, after a pilot project.

The unions began the scheme last April by offering 3,400 women civil servants in Cardiff, South Wales, the opportunity to have a test for cervical cancer at work.

With the help of the Women's National Cancer Control Campaign, the unions ran 114 screening sessions, for 2,194 women, a take-up rate of almost 65 per cent.

The Council of Civil Service Unions said yesterday that the pilot scheme's success proved that workplace screening was both more effective in reaching women who needed screening, as well as being much more cost effective for the employer.

Women in the civil service are entitled to time off to visit a clinic or their general practitioner for a test. Generally women need to be away from work for half a day to complete such a test, while workplace screening requires them to be away for only 20 minutes.

The unions estimated it would cost £1m a year to provide all women civil servants with a test once every two years, compared with up to £12m a year to provide the women with time off from work.

Miners warned against long overtime ban

BY MAURICE SAMUELSON

THE OVERTIME ban by mineworkers was "only a shadow" of the more extensive action which preceded the year-long strike in 1984-85, Sir Robert Haslam, chairman, said in London yesterday.

But if it deepened it would dent the confidence of coal customers, he told an industry luncheon.

Observing that the coal industry needed the dispute "like a hole in the head," he said the original issues raised over the code of conduct had been "resolved or had faded into the background."

However, in the debate on privatisation of electricity the dispute played into the hands of those who wanted a greater diversity of fuel supplies.

On the industry's progress, productivity in the first quarter of the financial year was 16 per cent higher than a year ago, he said.

Rethink call on union reforms

By Charles Leadbeater

THE GOVERNMENT should fundamentally rethink the direction of its programme of trade union reform to provide it with a coherent strategy, according to a paper published today.

The paper, which will be presented today to a conference on trade unionism, organised by the free-market Institute of Economic Affairs, argues that the Government should direct its attention away from promoting union democracy and towards protecting the public from industrial action in essential services such as telecommunications.

It says that by next year trade union democracy will be able to look after itself without further legislation by Government.

The paper's author, Dr Charles Hanson, a lecturer in industrial relations at the University of Newcastle, says that in the light in the Government's proposals for further measures to make unions more accountable to their members: "It might be thought that legislative interference in the rules of trade unions is now going beyond the point which allows them a natural and free course of development."

He says this oblique criticism of the proposals raises questions about the clarity of the Government's ultimate goal.

UK NEWS

LORD YOUNG REJECTS CRITICISM OF STATUTORY FRAMEWORK

Government backs City watchdog

BY JOHN PLENDER

LORD YOUNG, Secretary for Trade and Industry, last night pledged his full support for the Securities and Investments Board, the new City of London watchdog, which has been under increasingly vociferous attack in the City.

In his first meeting with the full board, Lord Young indicated that there was no question of any further delay in the timetable for the implementation of the Financial Services Act, which provides the statutory framework for the new regulatory regime.

The Government announced last month that the starting date was to be deferred from January to April of next year.

Lord Young also moved to quash suggestions that he was out of sympathy with the board or that he was planning any marked change in the Government's existing plans for investor protection.

The declaration of support for the SIB, which is headed by Sir Kenneth Berrill, comes after protracted haggling between the SIB and the City's new Self-Regulatory Organisations over the SROs' rule books.

Under the new legislation before an SRO can win official recognition, it must draft rules offering investors protection equivalent to that provided by the SIB's rules. There have been accusations that the SIB has been excessively bureaucratic in its examination of the SROs' rules and that its staff has lacked practical experience.

At the same time as he sought to bolster the authority of the SIB, Lord Young sought to reassure City practitioners that the new system would be flexible. He is understood to have argued that SROs were well equipped to frame their own rules and that the Financial Services Act did not require them to follow the SIB's rule book slavishly. The SIB's task, he indicated, was to look at overall standards when it decided whether to recognise the SROs.

To counter City fears that the system will not respond sufficiently quickly to changing circumstances and to the needs of practitioners, Lord Young is proposing to ask the SIB to make regular assessments for him during the first two years of the system of the way in which the new rules are affecting the securities industry. It will also be asked to make recommendations on necessary changes.

Lord Young told the Financial Times yesterday he was convinced that the "system will, as it evolves over the months to come, and after April 1, be flexible, light and workable."

Significantly, he has yet to comment publicly on a recent call by Mr Andrew Large, chairman of the Securities Association, the regulatory organisation for the Stock Exchange and securities trading in the City, for a delay in the implementation of Section 62 of the Financial Services Act. Because this section exposes market practitioners to legal liability if there is a breach of the SROs' rule books, it has resulted in the new rule books being drafted in legal language.

This has caused dismay in the City, especially in areas such as the Eurobond market, which has until now operated with minimal regulation.

Labour starts policy overhaul after skirting embarrassment

BY PETER RIDDELL, POLITICAL EDITOR

THE PROCESS of changing the Labour Party's attitude towards share ownership and existing privatised companies was yesterday successfully started at its Brighton conference, although only after an embarrassing defeat had just been avoided.

A motion from the Union of Communications Workers was carried, urging a review of industrial policy, including the recognition both of individual and institutional shareholders and of employee rights and share ownership.

However, a contradictory motion from the National Union of Mineworkers, proposing that a future Labour government 'should unequivocally win back into public ownership any sectors which have been privatised,' was initially carried on a show of hands, thanks to the support of local constituency delegates. But amid characteristic confusion the chairman allowed a card vote and the trade union block votes ensured that the motion was defeated by 3.87m votes to 2.4m.

The leadership was obviously relieved that the first hurdle in its policy reappraisal had been cleared to permit a free hand. But the preceding debate was one of the most lively of a subdued week as Mr Bryan Gould, Labour's trade and industry spokesman, was booed by a sizeable group of delegates for suggesting an extension of employee share ownership.

A further warning to the leadership against changing policies too much came last night from Mr Ken Livingstone, a newly elected member of the National Executive Committee. After expressing loyalty to the leadership, Mr Livingstone told the Tribune rally that 'any attempt to abandon our non-nuclear defence policy would lead to a civil war inside the party which would render it unelectable in 1991.'

Conference reports, Page 12

Railways 'may need more cash'

By Kevin Brown

GOVERNMENT subsidies to state-owned British Rail may have to be increased if the corporation is to finance essential investment, the Monopolies and Mergers Commission says in a report on London commuter services published yesterday.

The report says efficiency in the Network South East sector has improved since the last inquiry in 1980, but it gives a warning that BR has "a long way to go before satisfactory quality of service is attained on all parts of the network."

The commission is most critical of the network's failure to meet standards for punctuality and reliability, and of the level of overcrowding on many heavily-used lines.

It says substantial improvements could be achieved without incurring extra costs, by filling vacancies, better labour relations and more efficient maintenance and control of rolling stock.

The commission also calls for a major shake-up in BR's industrial relations and collective bargaining machinery.

Mr Paul Channon, the Transport Secretary, said the commission's findings would be studied closely.

Background, Page 13

Former MP jailed over share deals

BY RICHARD TOMKINS

A FORMER Conservative MP was yesterday sentenced to four months' imprisonment and fined £3,000 plus £1,500 costs after being found guilty of attempting to obtain shares in British Telecom by deception.

He is believed to be the first person in Britain to receive a prison sentence for making multiple applications in a public share offering. His lawyers said an appeal had been ordered.

Mr Keith Best, who resigned as MP for Ynys Mon (Anglesey) before the June general election, had denied three specimen charges of dishonestly obtaining by deception 2,400 shares in BT when the company was privatised in 1984.

Sentencing Mr Best at Southwark Crown Court in London, Judge Butler said: "You engaged in carefully calculated acts of dishonesty, designed to provide a substantial profit. Nor have you expressed one word of regret."

Best's counsel, Mr Robin Simpson, QC, had said in mitigation that the MP was the only person to be prosecuted out of a "very large number of people" who put in applications with variations of their own name.

Facing both ways in the land of red knights

Mr Neil Kinnock's aggressive takeover bid for the Tory vote ran smack into its first hurdle yesterday.

After the momentary signs of improvement in its political health, the Labour conference went into remission, adopting its traditional position - feet in mouth, head in sand and apparently facing both ways at once.

True, this is a difficult stance to take, but doctors insist that ingestion of Tory policies is always hard for dyed-in-the-wool socialists. It is nothing to worry about, merely the combined effect that ideological shock, senile ideas and the chairmanship of Mr Syd Tierney can often have.

The first symptoms of the remission came early in the afternoon when a woman delegate began advocating "left-wing sex." But it hit epidemic proportions when the debate on "social ownership" opened.

This is the new euphemism by which privatised companies remain, inoffensively, privatised. It was opposed by Mr Peter Heathfield, a miner with a tragically incurable case of socialist principles. He offered an alternative thesis - nationalisation.

Despite lengthy explanations in BBC English from the kindly Mr Bryan Gould, Mr Heathfield still could not get the hang of it. Help came from the giant figure of Mr Ken Cure, unwisely press-ganged by the platform to fill out the exciting new concepts.

"We must be practical and responsible," he explained. But it was no good, and in the confusion and excitement, Mr Tierney succeeded in declaring that both viewpoints had been agreed in the ensuing votes.

This was an obvious mistake probably derived from a premature assumption that one man, one vote was already a reality. For when the standing orders committee had finished overseeing a card vote it emerged that the forest of hands supporting the miners represented in fact a mere 2m Britons while the copse opposing was nearly 4m.

But despite this happy outcome, there is evidence that Mr Kinnock's daring Tory-takeover ploy still has teething troubles. With astonishing unanimity, media analysts have cast doubts on the credibility of the long-expected raid, formally made public at the Labour Party conference on Tuesday.

The pundits point out that there are already four parties - Tories, Liberals, SDP and SDP (O) - offering an almost identical ideological product despite continuing consumer demand for political diversity.

Mr Kinnock already holds some 35 per cent of the electoral market and should be satisfied with that, they claim. The Labour leader has replied that there is nothing hostile in his bid and that he simply wants to explore ways of developing the common ground shared by all voters for his own big-hearted ends. Many believe they have heard that one before.

Opponents of Mr Kinnock claim that the Monopolies and Mergers Commission could not possibly allow another party to enter the mainstream of British politics.

If only for conservational and historical reasons, they argue, Labour opinions are still enjoyed in certain universities. But Mr Kinnock is a notoriously ruthless and determined political tycoon who usually gets what he wants. Moreover, many suspect that while publicly supporting such Tory fetishes as home and share ownership, he will quickly revert to his old interventionist, and dictatorial command economy habits once he has seized control.

If the government does not take steps, huge areas of its electorate could opt for the Kinnock offer. On the other hand, however, there is no shortage of red knights.

Yesterday, the City remained calm.

IVO DAWNAY

Roy Hattersley: feared selection on race or wealth grounds

Kinnock has his way over share ownership issue

AMID ANGRY protests from the hard left, the block votes of major unions spared Mr Neil Kinnock the embarrassment of defeat over his call to the Labour Party to recognise the political realities of the spread of share ownership at Brighton yesterday.

After a composite motion sponsored by the National Union of Mineworkers calling for the return of privatised British Telecom to the public sector under the aegis of the Post Office and a major extension of public ownership had been declared carried on a show of hands the result was overturned by a card vote.

When Mr Peter Heathfield, general secretary of the NUM, refused to allow the resolution to be remitted for consideration by the party's national executive, the platform recommended that it shoud be opposed.

Mr Sydney Tierney, the chairman, appeared reluctant to allow a card vote after he had declared the motion carried on a show of hands but eventually relented and it was defeated by3,869,000 to 2,397,000 votes.

Mr Bryan Gould, the shadow Trade and Industry Secretary, who though successful in securing election to the national executive on Monday had to be content with a brief speech from the floor, was given a rough ride when he argued that the party should seize the political initiative from Mrs Thatcher by launching its own campaign to encourage the development of employee share ownership schemes.

He battled through heckling and shouts of disagreement to insist that he was advocating an approach which would result in employees having a "real say in decisions which affect their working lives."

Mr Gould was momentarily stopped in his tracks by a cry of "Yes" when he challenged delegates to say how such an objective could be described as revisionism or a sell-out.

He quickly recovered to retort: "I deny that."

Mr Gould pointed to the success achieved by socialist governments in other countries in applying the policy he had advocated as evidence of the "fertile areas" available for exploitation by new ideas.

He maintained that the policy review made necessary by three successive general election defeats should be used to produce socialist proposals true to the party's principles, which would work in government and evoke a popular appeal which would ensure victory when the country next went to the polls.

Reports by Peter Riddell, Michael Cassell, Ivor Owen and Tom Lynch Pictures by Ashley Ashwood

Mr Alan Tuffin, general secretary of the National Communications Union, had earlier told delegates that it was no good "rubbishing the fact" that the wider share ownership resulting from the Government's privatisation policy had proved popular with ordinary men and women.

He contended that it was ludicrous to imagine that when the next general election took place British Telecom, British Airways and British Gas could be brought back into the public sector by paying the price for which the shares were originally sold.

Mr Tuffin stressed that the 9m people holding shares in the privatised concerns would regard such a policy as totally unacceptable and they would give it "a big no."

He said the real issue was the accountability of such industries and not just the share issue.

Mr Tuffin suggested that a better service from British Telecom produced by the employment of more engineers and more telephonists would have an appeal to those not just interested in seeing the value of their shares increase.

Mr Heathfield was cheered when he maintained that the achievement of public accountability and industrial democracy was dependent upon public ownership.

He asserted that Mrs Thatcher was preparing to sell off the electricity industry for £18bn when its real worth was several times that figure in order to secure a further term of office at the next general election.

Mr Heathfield protested: "It's like giving £10 notes away for a fiver."

He urged delegates to ensure that Mrs Thatcher got a "bloody nose" and that her attempts to dispose of public assets and erode the wealth of the nation by increasing the wealth of a very few did not succeed.

A composite motion moved by Mr Tuffin which accorded with the policy review demanded by Mr Kinnock was overwhelmingly approved.

This highlighted the need for public accountability in the ownership of industrial and commercial enterprises - particularly monopolies - and supported the extension of share ownership schemes.

Cost-cutting plans endorsed

MR LARRY WHITTY, Labour's general secretary, yesterday won conference backing for a package of cost-saving and organisational changes which includes the closure of Labour Weekly, the party's loss-making newspaper.

The move was made during a private session because the leadership feared heated exchanges over the proposals, which include the loss of 46 jobs at Labour's London headquarters.

In the event, the conference rejected by 3.59m votes to 2.55m votes a motion calling for the national executive to reconsider its decision to close Labour Weekly and left the way open for the implementation of Mr Whitty's financial package.

Mr Whitty told delegates that the party had been forced to face up to some unpalatable political facts and now had to do the same in terms of its own finances. If it did not take action this year, it would face even greater problems next year.

The party currently faces a £1m financial deficit and although it has managed to achieve some budget savings, it needs to reduce it by a further £600,000 during the remainder of the current financial year. The headquarters jobs cuts include some unfilled vacancies and the leadership hopes that voluntary redundancies, early retirement and retraining can limit the need for compulsory job losses.

Mr Whitty said that Labour Weekly had recorded a net loss last year of £250,000 and that if it was allowed to continue, it would accumulate losses of £800,000 over the next four years. He said that even if the party had such funds available, he did not think it should spend them on the newspaper.

The Transport and General Workers Union, which represents many of the headquarters staff, voted in favour of maintaining Labour Weekly. Mr Ron Todd, the union's general secretary, said the transport workers were acutely aware of the party's financial problems but advocated further negotiations on the staff cuts.

● Ms Felicity Dowling, the expelled Militant supporter from Liverpool, had her expulsion confirmed by the conference.

Tory plans for schools 'would stir racism'

MR ROY HATTERSLEY, Labour's deputy leader, signalled yesterday that a key plank in the party's case against the Government's proposed education reforms would be to argue that they would encourage racial prejudice.

The recent row in Dewsbury, Yorkshire, where a number of parents have campaigned against the council's allocation of their children to a mainly Asian school - was used during the debate on education by Ms Ann Taylor, MP for Dewsbury, and Mr Mike Greetham, a delegate from the constituency to argue that unfettered parental choice, would encourage racism.

Summing up the debate for the national executive, Mr Hattersley said the Government's plan to allow schools to opt out of local authority control and to give parents the right to send children to the school of their choice would lead to oversubscribed schools choosing which pupils to accept.

The system would lead to selection on the grounds of race, wealth or social status, said Mr Hattersley, and he urged the conference to make it clear to Dewsbury that Labour regarded the education system as a tool in creating a multiracial society.

Ms Taylor warned that the events in Dewsbury would be repeated throughout the country if Mr Kenneth Baker, the Education Secretary, carried through his plans.

She said extremist groups had fastened *onto* the Dewsbury row, but added that parents might boycott a school for reasons other than race - it might be on a council estate or accept handicapped pupils. "Parents with prejudices will get extra power because of Baker," she claimed.

Labour was not opposed to parental choice, she said, but no council could guarantee that the first choice of every parent would always be satisfied. Mr Baker's plans had encouraged the Dewsbury parents to believe that they had the right to insist on their first-choice school regardless of other circumstances.

Mr Jack Straw, the shadow Education Secretary, said "Dewsbury has exposed not only the racism of the right-wing Tories but the fraud of Mr Baker's offer of unlimited parental choice. Under Mr Baker's bill it won't any longer be parents who chose a school, but the school which choses the parents."

He said Cabinet ministers already knew about opting out, because not one sent his children to state secondary schools. "The Cabinet have had parental choice all right - based upon the ability to pay.

"But children cannot choose whether their parents are so-called wealth creators or just ordinary people with a job. Children cannot choose whether their parents earn a fortune in the City or receive a pittance on the dole.

"Every child from rich Britain, from middle Britain and from poor Britain deserves the same opportunity. They are to be denied it under the Tories. They would get it under Labour."

Mr Hattersley argued that there was no real freedom in giving parents a choice of school if that resulted in more parents chosing the school than the school could accommodate. That would lead to selection.

Planned Brel cuts 'disgraceful'

MRS Margaret Thatcher will get a "bloody nose" from protesting railmen campaigning against new job cuts in British Rail engineering works and the awarding of contracts to foreign companies, Mr Jimmy Knapp, the leader of the National Union of Railwaymen, forecast yesterday.

He told the Labour conference the proposed 3,000 redundancies at Crewe, Derby and York were "disgraceful."

Peter Riddell asseses a conference lacking in passion

Labour's shocked troops wait to fight real battles ahead

THE LABOUR conference has been unusually subdued. There has not only been little recrimination and passion (except whenever share ownership is mentioned) but there has also been little overall sense of direction.

The ground may have been cleared for the much-discussed policy review, but no one has produced much idea of how the new landscape would look.

The mood has been best summed up by yesterday's issue of Labour Activitst, the newsletter of the loyalist Left Labour Co-ordinating Committee. It noted that the response on Tuesday to Mr Neil Kinnock's speech was muted - "that is because the morale of delegates is low after our election defeat."

Unfortunately the conference as a whole has been flat to the point of tedium and there is no reason for party members to think that Neil Kinnock's speech will make a lot of difference.

Discussing the policy review the newsletter asks: "Where in Brighton this week are the new ideas we need? How many debates have we had that have enthused the conference and taken our policies forward?

"It's not enough to see the problem, we need solutions too. But we cannot blame the party leadership if we haven't got them. It's the responsibility of all of us. And if we don't face up to it, we are in deep trouble."

The leadership's response is that this is not the time to set out new policies. That would be to prejudge the review. New policies will be put forward nearer the general election. The priority now has been to secure the acceptance by the conference that all policies should be reviewed.

Yet, it has not been apparent from either the conference or fringe meetings that there are many ideas bubbling below the surface. Much of the emphasis has been defensive, particularly in the comments of some left-wing spokesmen - the "Do Not Disturb" notices on their attitudes, as Mr Kinnock put it on Tuesday.

The exception has been the well-publicised series of speeches by Mr Bryan Gould, urging changes in attitudes to share ownership and existing privatised companies. His emphasis on setting the agenda by widening share ownership for employees and tighter regulation of the private sector marks a distinct change of emphasis.

But many questions are begged. The likely approach is that Labour would have to accept the existing privatisations. However, the party, including Mr Gould, still believes that monopoly utilities should remain in the public sector and Labour will oppose further sell-offs.

But when electricity and water have been privatised by the next election, what will the party say then? That issue has still apparently to be resolved, says the leadership.

The danger for Labour, as some of the non-confrontationalist left recognise, is that this could lead to a responsive approach accepting the Thatcherite agenda. As Labour discovered last June over council house sales there are few votes to be gained merely by dropping previous opposition to a Conservative policy.

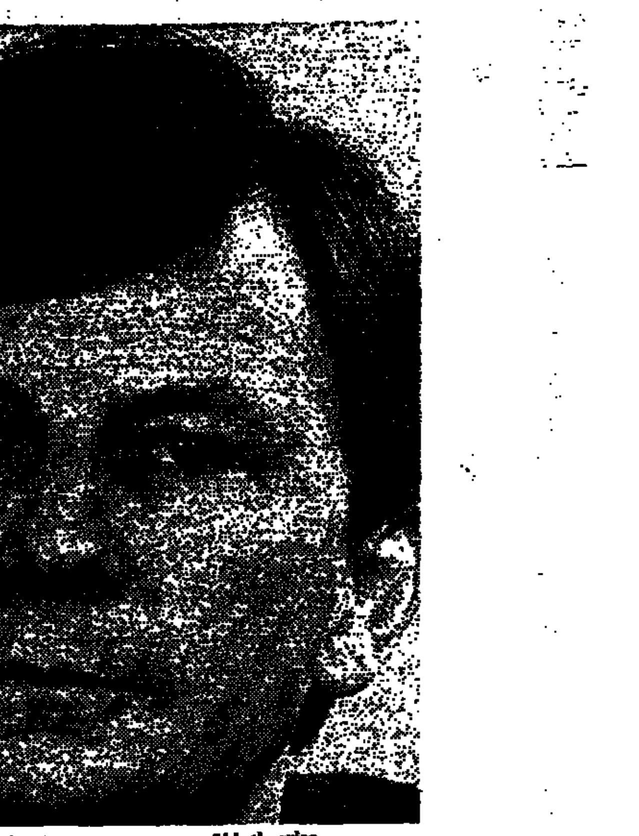
Mr Gould's suggested leapfrogging of Thatcherism may appeal to the party in theory but as the hostile response to him this week from the left has shown his kite-flying about share ownership is far from universally accepted.

On defence Mr Kinnock seems to be moving towards a position where the non-nuclear objective is retained but there is no precise timetable and instead the emphasis is placed on consulting allies. This is to avoid charges of undermining Britain's defence.

However any sign of moving away from the non-nuclear goal would provoke a bitter party row as this week's comments from Ms Joan Ruddock and Mr Ken Livingstone show.

It has been an important week for Labour even if it has appeared undramatic and longer on rhetoric than content. Yet it is only a necessary first stage: the hard work and probably bitter battles begin now. The trade unions are mainly behind Mr Kinnock but he faces the suspicion of many constituency activists over the least sign of betrayal or moving to the centre.

It is significant this week that Mr Ken Livingstone has quoted several times from the forthcoming political diaries of Mr Tony Benn for the 1963-1967 period to show Labour idealism can be undermined in office - a view Mr Benn himself now takes.



Bryan Gould: hostile response to some of his theories

Warning over N-defence policy

THE LABOUR leadership was last night warned that "any attempt to abandon our non-nuclear defence policy would lead to a civil war inside the party which would render it unelectarable in 1991."

This warning came from Mr Ken Livingstone the newly-elected member of the party's national executive committee in the text of a speech issued before last night's Tribune rally. His main theme was, however, strongly loyalist to Mr Neil Kinnock, the party leader.

He quoted Mr Kinnock in urging the need for unity and discipline though characteristically some of his wording was ambiguous and barbed.

He urged the need to "build around Neil Kinnock a broad inclusive team that will make him the next socialist Prime Minister of Britain and which will make the next Labour Government one of the great reforming administrations of this century."

He told journalists that despite his warning of a civil war over any abandonment of a non-nuclear defence policy he did not expect this to happen. He pointed out that this had been a long-term commitment of Mr Kinnock's.

Mr Livingstone said he had no doubt that the review of the defence policy would lead to "a strong reaffirmation of our non-nuclear defence policy." He suggested that the electorate would react unfavourably to any change of policy.

Elsewhere in his speech Mr Livingstone argued that the main elements in the review must be a vigorous espousal of the cause of civil liberties, open government and decentralisation together with the recognition of the importance of women to Labour.

He urged the strengthening of Labour's links with the unions and the end of any speculation about pacts with the Alliance.

Job training debate confused

PROCEDURAL CHAOS in a debate on training ended with the National Executive Committee doing a last minute about-turn to oppose a motion they had earlier supported and which appeared to be in line with existing policy, only to see conference pass it overwhelmingly.

The debate saw strong attacks on the Govenment's training schemes for the unemployed, notably in a powerful speech by Ms Diana Jeuda, on behalf of the NEC.

However, the debate ended in confusion when Ms Jeuda asked delegates to pass the motion but to remit a more toughly worded proposition involving, among other things, the scrapping of the Youth Training Scheme and guarantees for trainees on hours and holidays.

Her case against the second motion was based on its call for trainees to be guaranteed a job - she said this could be interpreted as meaning a job in the same place as the training. Delegates then pointed out that the first motion also referred to a guaranteed job, and the NEC then asked for both motions to be remitted.

When the movers of the motions refused to accept remission, the NEC opposed both. The first was carried by a massive majority and the second was defeated. Ms Jeuda said the Government's training schemes "mean low pay, extremely low pay, lousy training or no training at all. They mean lack of rights and downright dangerous jobs."

The motion passed by conference called for an education policy based on: Proper education and training in the public sector; retraining throughout people's working lives; more resources for further and higher education and the restoration of the real value of student grants.

Pondering over defeat gives way to hopes of a winner on poll tax

Michael Cassell on a measure Labour intends to contest 'line by line'

John Cunningham: puts extra costs at £350m

AFTER several days reflecting on its third consecutive election defeat, the Labour Party will this morning turn its attention to an area where it believes it is on to a winner.

Delegates at Brighton will debate a national executive committee document on local government, which will offer them an opportunity to voice their opposition to the Government's plans for scrapping the domestic rating system and introducing a community charge for which all adults will be liable.

The charge is scheduled to be introduced in Scotland in 1989 and Wales in 1990. In England, it will be phased in over four years from 1990. Ministers believe that the new system will make local authorities much more directly accountable to the electorate and help discourage high-spending councils.

Labour is convinced, however, that the Tory leadership - which will face criticism from its own rank and file at the party's Blackpool conference next week - has bitten off more than it can chew in trying to fulfil Mrs Thatcher's pledge to kill off the old rating system. In any case, it intends to oppose the legislation "clause by clause, line by line," according to today's national executive statement on local government.

Not surprisingly, Mr Neil Kinnock, the Labour leader, found time in his speech to conference on Tuesday to attack what his party prefers to call the "poll tax", which he said had no connection with ability to pay and which would punish families with grown-up children, sick or aged relatives living at home. The system, he added, would cost a fortune to administer and it would "tear up the roots of local democracy."

Mr Jack Cunningham, Labour's environment spokesman, who will speak in today's debate, says the Tories are quickly waking up to the deficiencies of the poll tax plan and the impact which it will have on their electoral popularity once the public sees it in action.

This week, he has been supporting Labour's case by quoting from a report commissioned by the Scottish Office which warns of sharply higher administrative costs, involving more computers to establish a rolling register which will carry personal identity numbers for every adult. In addition, at least 15,000 new staff will be needed to act as poll tax officers for door-to-door canvassing.

Mr Cunningham puts the total additional costs at a minimum £350m. The Government has readily acknowledged that collection will be more expensive than for the present rating system. At the end of a three-week tour around the country to promote the new tax, Mr Michael Howard, the local government minister, said that in spreading the burden of paying for local authority services, by definition more people would have to pay and it would cost more to collect.

Labour's own position, which gave rise to some confusion during the general election campaign, has not yet been finalised. It agrees that the existing system must go but the process of consultation was interrupted by the election. A policy should emerge at the end of the year.

Mr Cunningham favours the retention of a property-based tax, most likely related to capital values, but stresses that, above all, Labour will abolish rate-capping and restore genuinely independent revenue-raising powers to the local authorities.

There is disagreement on the issue within the Labour movement, however, with a system of local income tax favoured by some. Coun Margaret Hodge, leader of the Association of LondonAuthorities, told a fringe meeting this week that a system solely based on property would inevitably be inequitable.

Mr David Blunkett, the Labour MP for Sheffield Brightside, will also this morning present a national executive statement on inner cities, a policy area which Mrs Thatcher is determined to project as a priority for her third administration.

The statement accuses the Government of straining public services in the major cities to breaking point and says that for every £1 of grant provided under the urban programme, the Tories have withdrawn £9 via cuts in local government grant.

The Labour leadership commits itself to a programme of public investment which embraces a partnership between national and local government and between the public and private sectors.

It acknowledges that private investment is crucial and says the task for local councils is to find innovative and flexible solutions to inner city problems, despite shrinking resources and government obstacles.

Labour calls for the creation of "public action zones" with the powers and resources needed for comprehensive social and economic regeration.The leadership says urban programmes and partnership schemes need to be strengthened, although the statement indicates there is apparent disagreement over the role of urban development corporations.

The NEC local government statement underlines the message contained in Moving Ahead, the key policy document approved by conference earlier this week, which said Labour must show it can provide responsible, caring and efficient government in the face of limited resources.

David Blunkett: 'public services at breaking point'

UK NEWS

Anglian Water backs Ridley regulatory plan

BY RICHARD EVANS

THE GOVERNMENT'S controversial plans for privatisation of the water industry received broad backing from Anglian Water yesterday when the authority announced its support for a National Rivers Authority to regulate the industry after flotation.

The proposal to set up the NRA, a state-controlled quango, to take over all regulatory and water management powers from the authorities before privatisation has divided the industry and threatened political difficulties for Mr Nicholas Ridley, Environment Secretary.

Most of the 10 authorities in England and Wales have been vehemently opposed to the plan, arguing that the NRA would be expensive and unwieldy and would wreck the much prized system of integrated river basin management.

Until now only Severn-Trent, the second biggest, had supported the NRA on the ground that keeping regulatory powers in the state sector was the only viable way of ensuring that privatisation went ahead.

Now Anglian, a well-run authority showing the highest return on assets and a candidate for one of the earliest flotations, has come down in favour and proposed ways in which the NRA could operate effectively.

The response of Mr Bernard Henderson, chairman, and the Anglian board will come as a relief to Mr Ridley and Lord Belstead, the Environment Minister responsible for the industry. They are anxious to secure widespread support for their plans before privatisation legislation is introduced next autumn.

The first authority could be floated by late 1989 and the others follow in batches in 1990. In total all 10 might be worth about £7bn.

Key elements in the Anglian response to the Government's plans is for the NRA to be kept compact and not to duplicate functions that would continue to be carried out by the privatised authorities (plcs).

It recommends that for at least an initial five-year period the NRA should be tied to contracts with the plcs for carrying out its operational, as opposed to regulatory, functions and the plcs should be bound similarly to supply the specified services.

After the initial period, future arrangements would be open to negotiation and the NRA would be free either to continue using the plcs for contract work or look elsewhere.

Anglian is in a special position among the authorities because of its significant responsibilities for land drainage and sea defences. It argues that it would be inappropriate for a privatised company rather than a public body to carry such responsibilities.

Competition within NHS 'desirable and possible'

BY ALAN PIKE, SOCIAL AFFAIRS CORRESPONDENT

COMPETITION IN the National Health Service is both possible and desirable, a Centre for Policy Studies paper published today concludes.

The most important change to encourage competition has already been made, the paper argues - the introduction of general managers into the service. "There is nothing to stop enterprising NHS authorities and their managers from bringing in more competition now, or for competition to be forced on them," says the author, Mr John Peet, a former Treasury official now working for the Economist.

Competitive tendering, he argues, should be extended to cover not just support services but surgery facilities, primary care services and hospital building. No part of the NHS should be immune from competition in one form or another.

Much of the competition could come from the private sector, Mr Peet says, but there was no reason why NHS hospitals and authorities should not compete with each other.

The paper's publication comes as signs appear of a growing debate about possible alternative ways of funding health care. The Institute of Health Services Management and the King's Fund Institute have bot.. recently initiated inquiries into health service finance.

Some people, said Mr Peet, believed that competition was not possible in a publicly financed, charge-free system. Others believed it might reduce standards of care in favour of commercial considerations, while others claimed that there were too few alternative providers to make greater competition feasible.

All those objections to the notion of competition were wrong. Competition of some sort had already been introduced in far more areas of the NHS than most people realised.

"The private health-care industry is growing fast: It is already equivalent, in England, to nearly two regional health authorities - which means that in many places it can and does offer genuine competition."

Competition did not threaten standards. No better way had yet been found of judging the extent to which standards were met than through open competition.

Healthy Competition: How to improve the NHS. Centre for Policy Studies, 8 Wilfred Street, London SW1E 6PL. £4.60 plus 30p p&p.

Favourable conditions forecast for chemicals

By Lynton McLain

THE UK chemicals industry is likely to face favourable conditions up to the middle of the next decade. However, long-term trends show imports are likely to exceed exports by value by 1992, putting pressure on UK companies to increase sales.

Those are among the conclusions of the latest, and possibly the last report from the Chemicals Economic Development Committee of the National Economic Development Office. The Government is reviewing the future of some of the committees and the NED Council could take final decisions at a meeting on October 14.

Chemicals "is one of the few UK industries with a positive overseas trade balance," Lord Gregson, the committee's chairman, said yesterday at the launch of the report. The industry was probably the only "world class" UK manufacturing sector, he said.

Current circumstances were favourable to the UK chemical industry. "We have seen successful restructuring by companies, great improvements in the efficiency of plant operations and plant construction, and movements in exchange rates which have left its products more competitive in many markets," the report says.

Those developments, since the early 1980s, have opened a "golden window of opportunity" to build an even more successful industry.

The report, entitled Chemicals: A Positive Future, says UK interest rates are too high.

"They are the highest in the developed world and it is remarkable that any investment takes place in the UK," Lord Gregson said.

The committee urges the Government to respond to industry's need for competitive and stable exchange rates and internationally comparable interest rates; to provide attractive incentives for research and investment; to improve the framework for research and education; and to promote inward investment.

The committee forecasts a 3.5 per cent per annum growth in world chemicals consumption between 1985 and 1995.

The growth in output from individual sectors of the UK chemicals industry is predicted by the committee to be above the gross domestic product rate only for the "innovation-driven sectors of pharmaceuticals, agrochemicals and specialised organics."

The report predicts a sharp decline in the UK fertiliser sector's performance, with its 1986 balance of trade deficit of £140m, and a decline in the performance of the UK inorganics chemicals industry, with its deficit of £46m last year.

Chemicals : A Positive Future - an assessment of the long term prospects of the UK chemicals industry. NEDO Books, Millbank Tower, Millbank, London SW1P. £15.

MONOPOLIES REPORT ON BR'S NETWORK SOUTHEAST

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

Message for the railways: Could do better

SIR ROBERT REID, chairman of the British Railways Board, was quick to issue a formal welcome yesterday to the Monopolies and Mergers Commission's report on the board's Network SouthEast commuter services.

Sir Robert's remarks, in a 1½-page press release, were largely limited, however, to statements of the obvious, such as "the report is helpful and positive," and "investment is the key to better services and greater efficiency."

Possibly Sir Robert was as surprised as many outside observers at the catalogue of shortcomings and severe criticisms expressed in the 324-page report.

More likely, his initial response was constrained by the insistence of the commission's experts that the investment proposals of the British Railways Board (BRB) are insufficient and that more government money will have to be made available.

The central thrust of the report is that, while Network SouthEast (NSE) has made substantial strides forward in the last seven years, much greater progress is required and its difficulties can be overcome only by an increase in direct public subsidies and the board's borrowing limits.

That runs directly counter to the policy pursued by the Government since 1983 under which the public service operating grant, which subsidises passenger services, has been reduced by 25 per cent and is scheduled to fall by a further 25 per cent by 1990.

Within that reduction, the share of the grant awarded to NSE has declined by a third, from £323m in 1983 (at 1986-87 prices) to £206m in 1986-87.

The report concedes that NSE is an exceptionally complex railway system which is very difficult to operate. That is because its development was dictated by the competitive rivalries of 19th-century railway companies rather than rational provision of transport facilities.

The network also faces severe difficulties in coping with low daytime demand sandwiched between exceptionally busy peak periods in the morning and afternoon rush hours.

None the less, the report points out that it carries 40 per cent of the London commuter market, about 420,000 people every day, and remains an essential public service on whose efficiency the business of London depends.

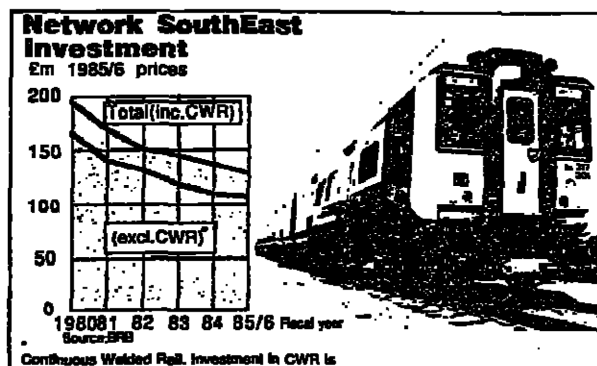
The report says NSE has achieved a substantial improvement in efficiency, particularly through a significant increase in the use of rolling stock. The number of vehicles was reduced by 11 per cent between 1980 and 1986, saving around £10m in running costs and some £200m in rolling stock replacement costs.

There is severe criticism, however, of NSE's performance in the three areas identified by the report as the most important from the passenger's point of view: punctuality, reliability and overcrowding.

The report says there is a considerable and continuing discrepancy between the network's published figures and the daily experience of most commuters, who have come to regard the figures with "scepticism or even mistrust."

That credibility gap is damaging to the board's reputation and is the result of a preoccupation with average figures for the whole network, rather than the performance of individual lines, it says.

The report calls for the board to publish separate figures for peak-time and all-day operations for trains arriving within five minutes of the scheduled time.



Continuous Welded Rail. Investment in CWR is declining because the original programme is almost complete

The report says that on some of the most heavily used routes unpunctuality and overcrowding show no improvement since the last Monopolies and Mergers Commission inquiry in 1980, when performance was found to be below the levels of 1974.

Attention to recruitment, labour relations and rolling stock maintenance should reduce cancellations but punctuality and overcrowding present problems which are much more intractable to management effort.

The report says bluntly: "If the best efforts of management have not achieved a satisfactory quality of service up to the present time, we see no reason now to expect that those efforts unaided will do so in the future.

"Two things will also be needed, improved infrastructure and improved rolling stock.

"Very many of BRB's regular passengers are likely never to receive a proper level of service unless BRB can make the investment and associated changes in working practices needed for these improvements."

The report says investment has been declining in real terms for some years although BRB is now planning a substantial increase in spending on NSE.

However, it adds: "This new plan has yet to be discussed with the Government but, even if it is approved, it will not, in our judgment, fully make up for the years of low investment."

The report says a study produced by the BRB as part of the commission's inquiry showed that the relief of overcrowding alone would require investment of around £50m in addition to present proposals, mostly to be spent on lines in Kent.

That investment would also benefit punctuality and reliability but "to raise punctuality to target levels there would have to be further considerable expenditure on, for instance, works to relieve congestion at busy junctions."

The report says that increased investment of this sort could not be met from within the board's current resources and would require an increase in the external finance limit set by the Government.

That is not quantified but the extent of the increase would depend on the extent to which it was possible to raise fares. In addition, there would have to be a "short-term" increase in the public service operating grant.

The report says some extra revenue would be generated at present fare levels but that would be unlikely to satisfy BRB's requirement for a 7 per cent return on capital

That might lead to fare increases on lines where improvements have led to a better service, although the report makes no specific recommendation.

The report concludes: "There is still a long way to go before satisfactory quality of service is attained on every part of the network at all times of day and this will depend to an important degree on the attitude of the Government towards investment and financial objectives."

In its other findings, the report says that NSE should:

- Update industrial relations and collective bargaining procedures.
- Improve train crew utilisation of less than 50 per cent.
- Review the 50 per cent first class premium, which does not cover costs.
- Consider penalty fares to tackle ticket frauds of £21m a year.
- Reduce pre-peak morning fares but maintain the 15 per cent Capitalcard premium over London Regional Transport's Travelcard.

Air Call to expand paging service throughout nation

BY DAVID THOMAS

AIR CALL, the UK communications company, is expanding its paging operations to form a national paging service for the first time.

British Telecom, which dominates the UK paging market, is also planning a number of new paging services, including allowing customers to use its pagers in the US.

Those moves come as extra competition is being injected into the paging market, which the industry believes will grow from the present 450,000 subscribers to about 1m by the 1990s.

BT, which supplies 85 per cent of the pagers in use, and Air Call, with about 8 per cent, are being challenged by a joint venture between Mercury of the UK and Motorola of the US, which launched a national service last month, and Racal, which has yet to launch its service.

Air Call is investing £5m to increase its paging coverage from 30 per cent of the population now to 90 per cent by next May.

This month it is adding Yorkshire and the Bristol region with parts of South Wales to its existing areas of operation, giving it coverage of 45 per cent of the population.

It will then extend its coverage to almost the entire population by mid-1988 by adding extra transmitters at the rate of five a week.

Mr Warren Tayler, Air Call chairman, said the company was aiming for about 20 per cent by value and 14-15 per cent by volume of UK paging by 1991. The difference is explained by the fact that Air Call believes it is in a strong position in value-added services such as messaging.

Air Call's expansion is being financed by the £7m injected into its communications subsidiary by BellSouth, one of the large US regional telephone companies, in return for a 40 per cent stake.

Mr Tayler said the Air Call group would be trading profitably on turnover of more than £50m this year.

• BUSINESS LAW

Greater scope for arbitration

By A. H. Hermann, Legal Correspondent

THE INAUGURATION last weekend in London of the European Users Council is a notable new step in the efforts of the London Court of International Arbitration (LCIA) to improve its image and to attract to London the arbitration of "heavy" international disputes mainly concerning industrial development projects, civil engineering works and large-scale public building construction.

Similar councils are planned for the North American and Pacific users, or potential users, of London Arbitration. As Lord Justice Kerr, the LCIA's president explains in a letter addressed to some 500 major companies and law firms, the fund created from the council members' contribution should enable the court to spread the good news about improvements achieved by the 1979 Arbitration Act and the LCIA's 1985 rule for international commercial arbitration.

The improvements are considerable. The 1979 Act replaced the greatly abused "case stated" procedure with the judicial review of points of law which will be admitted by a judge only when real interest of parties - and not only abstract legal problems - is at issue. The 1985 rules of the LCIA, drafted under the influence of United Nations Commission for International Trade Law (UNCITRAL), are flexible enough to allow their use in any part of the world and not only for resolution of disputes governed by English law.

Unfortunately, these improvements are not enough to equip London for successful competition with the newly emerging arbitration centres and for coping with the great opportunities opened to arbitration, particularly by the recent decisions of US courts. One would hope that the Users Council will be employed by the LCIA not only as a vehicle of publicity but as a real marketing instrument: the feedback from these councils should lead to a better product. Another revision of the Arbitration Act may be necessary but not sufficient. Also, the practice and attitude of London lawyers will have to be changed and, above all, London arbitrators will have to free themselves from their dependence on the legal profession.

In spite of the 1979 reform, the fear of a judicial review still looms large over most cases of London arbitration. Though the parties can now exclude judicial review of international arbitration in contracts concerning industrial and other "one off" projects, the possibility of appeals to the Commercial Court cannot be removed by the agreement of the parties in maritime, commodity and insurance contracts. The Government could easily remedy this by an order made under the 1979 Act, but is deterred by the combined opposition of judges and the legal profession.

As a result, the tendency to treat arbitration as a rehearsal for litigation survives. In spite of Sir John Donaldson's, the Master of the Rolls, campaign for greater brevity and a more rational procedure in courts, the old habits of long oral submissions die hard and are nurtured by the method of paying the lawyers for real or fictitious time spent on the case. Arbitrators, who are paid similarly but would often gladly move on to another case waiting for them, do not dare to cut the long speeches and procedural maze for fear of antagonising the legal profession. A reform of the way lawyers are paid seems, therefore, to be one of the main paths towards a more efficient and more attractive London arbitration.

Some observers seem to be concerned about the High Court's statutory power to set aside an award for arbitrators' "misconduct." This provision of the 1950 Arbitration Act was not removed by the 1979 Act, and the interpretation of the term is certainly in need of revision, either by statute or by the House of Lords. Its interpretation as "procedural errors and omissions by arbitrators who may otherwise be doing their best to uphold the highest standards" is definitely too wide. A simplified procedure should be the hallmark of arbitration and, as long as it is fair to both parties, it should not be open to attack in courts.

It is, of course, true that other countries provide alarming possibilities of appeal to courts, some creating considerable uncertainty. US courts can set aside an award for "manifest disregard of the law." In France, the courts are able to deny recognition to an award because it is contrary to "international public policy" which may be all things to all people. In Switzerland, the judges have the power to set aside awards which violate law or equity or are based on findings manifestly contrary to the facts, which could go much further than the judicial review of the 1979 Arbitration Act in the UK. However, because of history and practitioners' attitudes, even smaller opportunities to delay by appeal loom larger in the UK.

The removal of this psychological barrier would enable London to have the full benefit of the unique experience accumulated by its arbitrators and lawyers as well as of their high reputation for impartiality. While the Paris-based International Chamber of Commerce finds it necessary to select arbitrators from a third country to eliminate any suspicion that they may favour one of the parties on nationalistic grounds, I have not yet heard such suspicion addressed to a London arbitrator. A strict impartiality and freedom from national bias is an essential requirement for operating in the context of world-wide trade. Indeed, London arbitrators and English courts can often be reproached for bending over backwards, treating foreign state trading organisations as if they were sovereigns.

The advantages of neutral arbitration, eliminating the risk of having to take a dispute to a foreign court, possibly biased in favour of the local party, is the main argument advanced by Professor William W. Park, who teaches law at Boston University. He advocates* greater freedom to arbitrate disputes which involve anelement of public law, if these disputes have an international character.

Until recently disputes over "non-negotiable" public interest were held by US courts to be "non arbitrable." Professor Park lists such decisions concerning law applying to competition, securities, patents, employment, racketeering and bankruptcy. An important breakthrough has been achieved by the US Supreme Court decision in Mitsubishi (see this column July 11, 1985) approving arbitration of anti-trust claims. This was followed by the Shearson decision which made it possible to protect against litigation under the Racketeer Influenced and Corrupt Organisations Act (RICO) (FT July 2,1987) and punitive damages (FT July 30, 1987).

Arbitration of patent validity and infringement has been possible in the US since the amendment of the patent statute in 1982. The Eighth Circuit held that arbitration of disputes between securities brokers and their customers may be compelled, but the Ninth Circuit said it may not.

Professor Park reports that US courts are similarly divided on the question of whether the Bankruptcy statute or the New York Arbitration Convention prevails in international arbitration. In at least five cases the courts decided in favour of arbitration.

These US developments should greatly enhance the role of London arbitration - and even more so if English courts followed suit, allowing arbitration of domestic disputes with elements of public interest, such as in securities regulation and private enforcement of European Community competition rules, which is being enthusiastically pioneered by the European Commission in Brussels.

However, to rise to this new role, London arbitrators and lawyers will have to adjust their procedures to modern times.

* *William W. Park, Private adjudicators and the public interest: the expanding scope of international arbitration. Brooklyn Journal of International Law, Volume XII Number 3.*

US managers crack the electronic whip

Peter Marsh examines the influx of monitoring techniques to assess the performance of employees

A SERIES of novel technologies is helping employers to snoop on their workforces, either by monitoring their activities or by testing their suitability for specific jobs through methods such as genetic screening or analysis of brain waves.

The new practices, the most widespread of which include computerised techniques to monitor telephone conversations, raise serious issues concerning privacy and quality of working life, says the US Office of Technology Assessment.

According to the office, a research arm of Congress, some 5m clerical employees in the US are subject to computerised monitoring methods which check on their work performance.

The numbers are increasing as such techniques, based either on analysis of telephone calls or use of electronic networks to gather data on people in charge of computers, become more sophisticated and less expensive.

A recent OTA report on technology-based monitoring at work says that such techniques could lead to the creation of "electronic sweatshops", in which "computer taskmasters (can) record every item of work completed, along with every mistake, rest break, and deviation from standard practice."

Apart from undermining morale, the report says, these methods can cause suspicion between employers and staff and lead to health problems. "There is reason to believe," says the OTA, "that electronically monitoring the quantity of speed of work contributes to stress and stress-related illnesses."

A range of office workers, from banking clerks to word-processor operators, is subject to computerised work monitoring.

Use of such techniques has increased in recent years, together with screening methods based on drug checks or genetic testing to establish whether would-be employees are fit for a specific job, or are likely to contract diseases such as cancer or AIDS.

Computers log work completed, along with every mistake, rest break and switch from standard practice

Some of these methods have emerged as spin-offs from diagnostic techniques developed by pharmaceutical companies and which are now in widespread use in hospitals and clinics (see accompanying story).

Also seeing increasing use is application of polygraphs to test whether employees are telling lies.

"Many applications (of genetic testing and other screening technologies)... illustrate the tension between the employers' rights to manage their enterprise, cut costs and reduce liability and the employees' rights to preserve individual privacy and autonomy," according to the report.

An increasing number of telephone systems in companies are designed either to let supervisors listen in to staff calls or to monitor use of the networks with computers. Some employers justify these methods, labelled under the euphemism "service observation", on the grounds that they can lead to a reduced use of office telephones for personal calls.

Such practices, widespread for many years and generally ignored by employers as being of little importance, may be getting out of hand in some workplaces, according to some studies.

A recent audit of use of the US Government's federal telecommunications system showed, for instance, that about a third of all calls dialled on the network were made for personal reasons.

Another justification for telephone monitoring is that the techniques can enable senior staff to check on conversations with customers to assure quality of service.

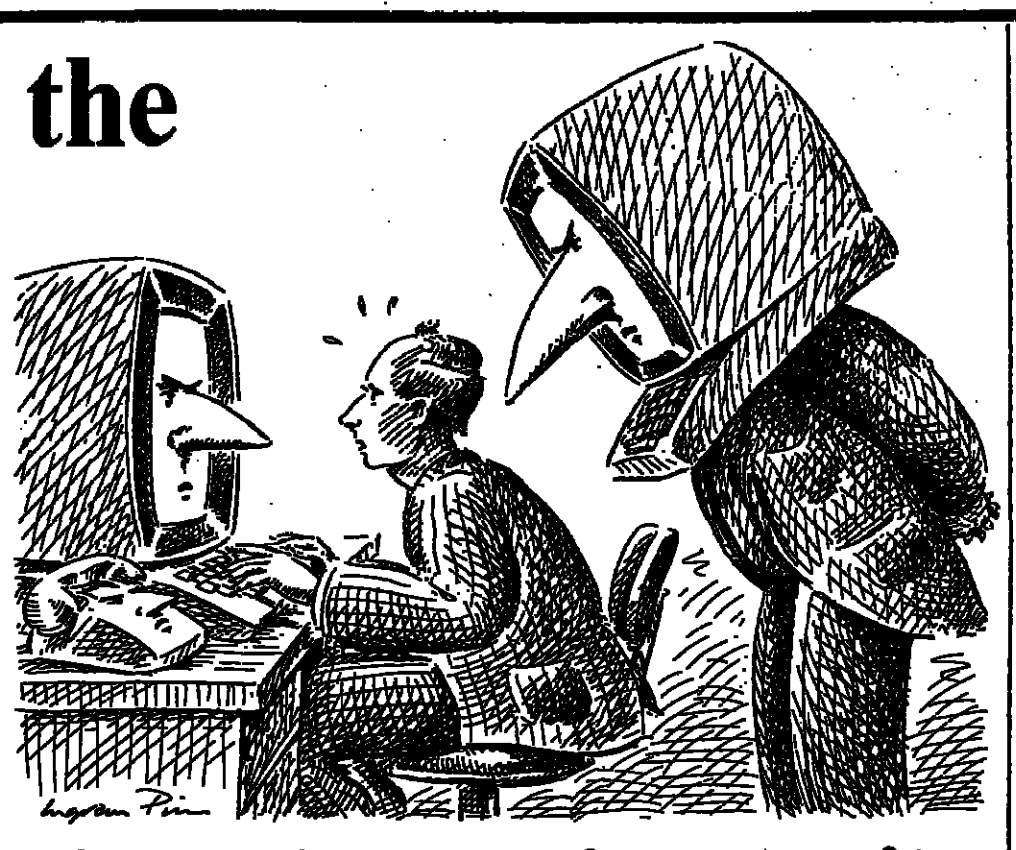
However, besides in some cases being unfair to employees, the methods may also cause concern among customers, who could argue that their conversations with members of a company's staff should be private.

The Electronic Superviser - New Technology, New Tensions, Office of Technology Assessment, Government Printing Office, Washington DC 20402-9325, $6.50.

JOBS SUBJECT TO ELECTRONIC MONITORING

Job	What is measured	How obtained
Word processors	speed, errors, time working	keystrokes counted by computer
Data-entry clerks	speed, errors, time working	keystrokes counted by computer
Telephone operators	average time per call	each call timed by call distribution system
Customer service workers	time per customer number and type of transaction	each call timed by call distribution system; transactions counted by computer
Telemarketing/other sales	time per customer, sales volume	each call or transaction timed; sales tabulated by computer
Insurance claim clerks	number of cases per unit time	time spent on each form, tabulated by computer
Mail clerks	letters or packages per unit time	collected by letter of package sorting machines
Bank proof clerks	cheques processed per unit of time	collected by proof machine

SOURCE: Office of Technology Assessment, 1987.



Going in genetic pursuit of the perfect workforce

GENETIC screening could bring major changes to staff recruitment, although use of the technique so far is extremely limited, according to the Office of Technology Assessment report.

The method involves chemical analysis of fragments of genetic material to determine the likelihood of a person contracting a disease such as cancer or to test for other factors related to the individuals' genetic make-up.

For example, ICI, the UK chemicals company, is developing such methods to help in determining people's parentage in legal disputes and also in police detection work, such as through the matching of blood samples.

Assuming that genetic screening was developed to the point of offering a virtually fool-proof way of checking on a person's susceptibility to genetically-related diseases, the method would have clear advantages for employers. They could refuse to employ such people on the grounds that the individuals would prove to be less than perfect workers in the future.

However, such people might forcibly complain that they are being discriminated against in a particularly unfair way. Once turned down by one employer on genetic grounds they could find it virtually impossible to gain a job.

Applications of the technology could be highly dangerous on the grounds that vital decisions affecting people's lives might be made on the basis of scientific assessments which could well turn out later to be flawed.

Brain wave tests will reveal job applicant's powers of deduction

Use of genetic screening is not widespread at present, says the OTA report. In 1983, the office asked a selection of big US companies if they had experience with the technique. Out of 366 respondents, only eight said they were using the tests and 59 had plans to do so in the future.

Other screening methods of relevance to the work place include:

●Polygraphs or lie detectors. Some companies use the machines - which work on the basis of detecting physiological factors such as changes in breathing patterns in response to questions - to determine if employees are lying. The equipment may be used to check on cases of theft by employees - which is estimated to cost US companies $5bn to $10bn annually. There is, however, a big question mark on technical grounds as to whether polygraphs work.

●Drug abuse testing. Companies are stepping up their use of chemicals-based diagnostic kits to check whether employees are using drugs such as cocaine, marijuana or amphetamines. Such steps may be justified on public-safety grounds. For instance, few people would have much faith in a subway system in which drivers had experimented with such drugs.

●Brain wave tests. These methods, based on ideas such as use of magnetic techniques to measure brain wave activity, are still in the research stage. However, in future machines could enter the market which test people's brain wave patterns to assess the possibility of them developing mental disorders or even to determine their powers of deduction or ability to add up numbers.

Lucas puts brakes on anti-skid costs

By John Griffiths

LUCAS GIRLING, the brake systems subsidiary of the UK's Lucas Industries group, has developed what it describes as a "third generation" electronic anti-skid braking system for cars which, it claims, could add as little as £500-£600 to the price of a vehicle, falling to £370-£400 if adopted in high enough volumes.

The electronic system is said to provide not only equal performance to the most sophisticated electronically-controlled systems already in production, but also significant installation, cost and weight advantages.

Unlike a cheaper, mechanically-controlled Lucas anti-skid system, SCS (Stop Control System), which was designed specifically for small front-wheel-drive cars, the new Girling system is applicable to virtually all sizes of cars.

The price range envisaged by Girling compares with, for example, £1,147 charged by BMW in the UK for its Robert Bosch-devised system when installed as an optional extra.

Girling says that the big advance lies with the heart of the system, the electronic control unit. Instead of being an installation separate from the conventional braking circuit hardware, it is designed as an integral part of the servo, or brake booster. (Girling, under the Girvac name, is already a fairly large-scale supplier of servo units).

Significantly, however, Heinz Rath, Girling's chief car brake engineer, says that the control unit, in alliance with the sensors which feed it with information on each wheel's rotational speed, can be adapted for what he describes as "total brake management". In other words, to prevent wheelspin under acceleration, hold the vehicle on a hill, or even vary the braking effort relative to the operating mode of the vehicle - for example if it was under a heavy axle loading.

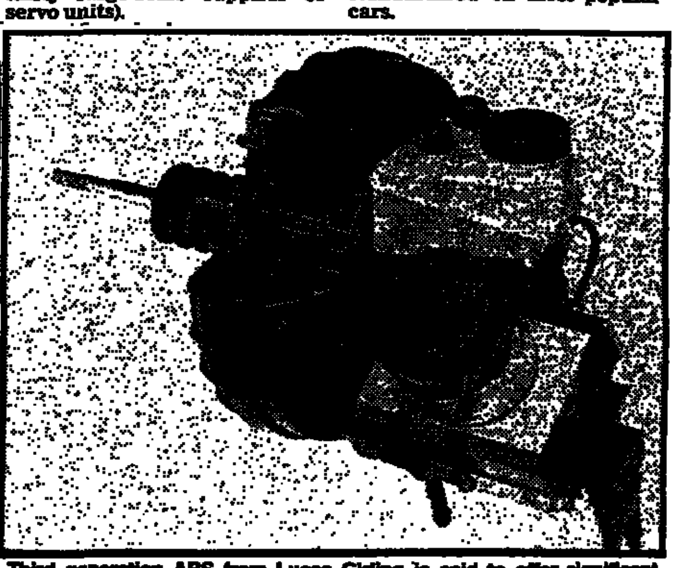
Girling says it has started discussions with a number of vehicle manufacturers about installation of the system.

Girling's now widely-known SCS was launched on some Ford Escort and Orion models as an option just under two years ago. It currently sells for £354.

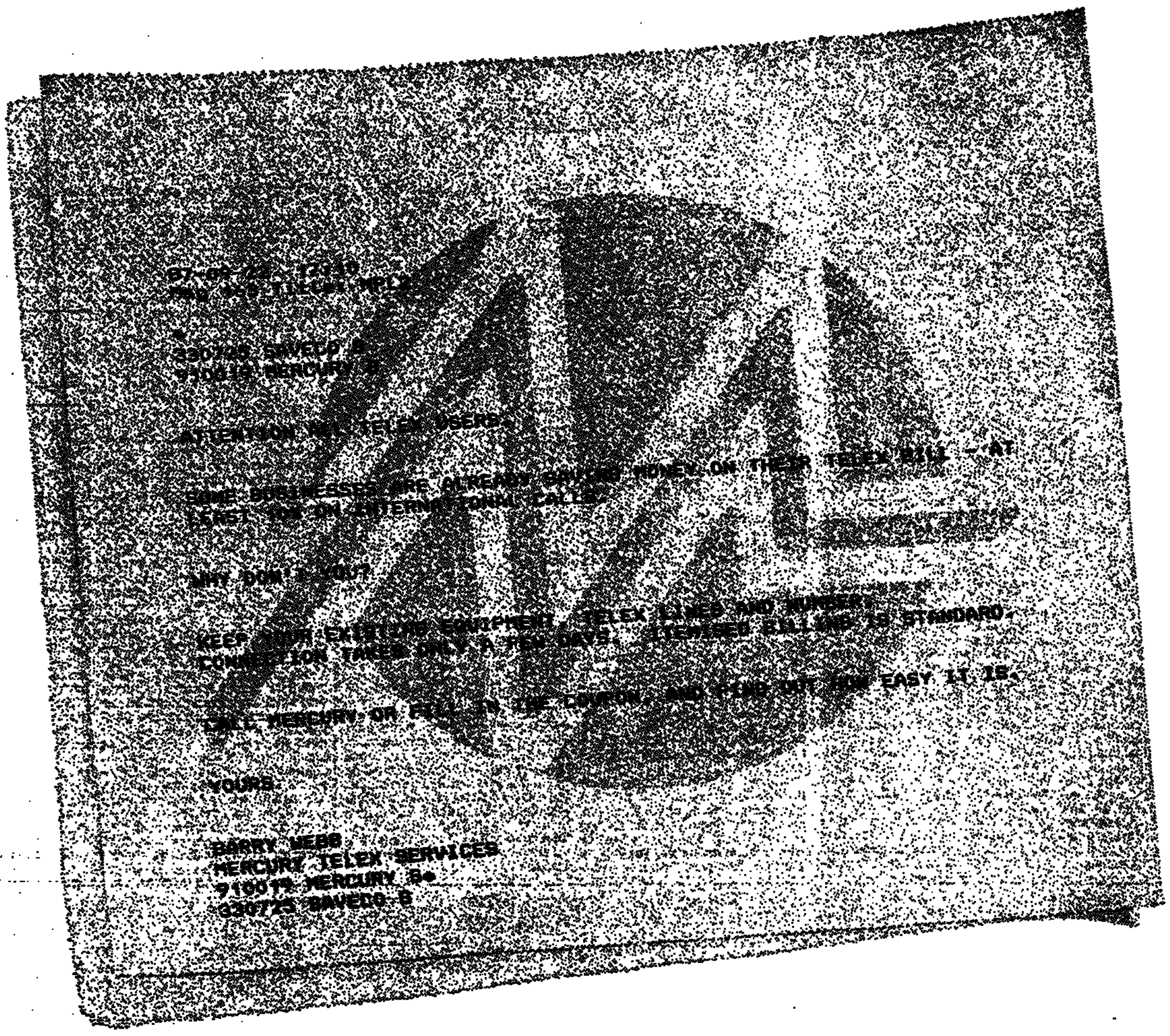
However, SCS itself is shortly to be challenged in the marketplace by another low-cost system developed by rival UK components company, AP. The AP system, the development and production of which has encountered several months of delays, is being launched on the Fiat Uno.

It is being offered as a DM1400 (£440) option in West Germany, but may be standardised on Unos sold in the UK.

Both Lucas and AP say they believe that within a few years anti-lock systems will became standardised on most popular cars.



Third generation ABS from Lucas Girling is said to offer significant installation, cost and weight advantages


ON THEIR TELEX BILL - AT
CONNECTION TAKES ONLY A FEW DAYS.
AND FIND OUT HOW EASY IT IS.
YOURS
BARRY WEBB
MERCURY TELEX SERVICES
910019 MERCURY G
330725 SAVEDO G

MANAGEMENT:Marketing and Advertising

Burger King causes a little indigestion

ADVERTISING can be a fickle business - often undermined by short memories and sharp knives. Martin Sorrell, whose WPP marketing services group, a darling of the stock market on both sides of the Atlantic, is now getting a taste of both.

WPP's share price, which had sped from 38p to around £11 in two hyperactive years to May, fell yesterday by 15 pence on news that his newly acquired advertising agency, the financially troubled J Walter Thompson had lost its second largest client, Burger King, the struggling US fast food chain. It contributed $200m to agency billings.

This came just when Sorrell needed it least. Having mounted a hostile takeover bid for JWT on promises of rejuvenating the company's financial performance, there was a disappointing take-up of the rights issue and the share price has been rollercoasting around the £8 mark ever since.

Burger King's departure is a body blow for sure - such a loss dents agency morale, and could mean the laying-off of up to 100 staff - but suggestions that this is ominous for the future of JWT are highly premature.

City analysts in London, at least, are sanguine. Having learned not to panic at the first whiff of a big client departure through experiences of Saatchi and other publicly quoted agencies, they are taking the Burger King news in their stride.

"This can't be linked to the acquisition of JWT by WPP," says Neil BLackley, analyst at James Capel, pointing out that the account was under review before Martin Sorrell's group did the surprise deal. The review of Burger King's advertising account became known in early May and the announcement of the hostile takeover bid on June 10. Since the account was recognised as a borderline case at the time of the WPP acquisition, analysts have programmed it into their forecasts and its loss has no *effect on the figures for next year.*

James Capel is planning to upgrade its forecast for the group soon. "Things are looking very good for WPP group for 1988," says Blackley. "For the JWT group alone, we are expecting gross revenue in the region of $770m and that could be conservative. In 1987 gross revenue is expected to be about $580m."

Lorna Tilbian, analyst at Sheppards concurs. "I really don't think the Burger King move is material. Recovery at JWT is based on improved margins, not necessarily business wins. Anyway, the account was not very profitable, and demanded heavy servicing. Also the client was in trouble and often the best way to be seen to be improving things is to change agencies. However, if a few more clients followed, that would worry me."

But question marks are inevitably raised by such a major departure. Is this the price to be paid for a small, unheard-of, and what's more, non-advertising, British company, WPP, snapping up one of America's own - JWT? Is it bad luck, an isolated incident or will more follow?

There is little doubt luck plays its part. The post-takeover departure of Ford's European business from JWT into Ogilvy and Mather in July is perceived as just this. At the time Ford said it came after a year-long review and that there was no connection with the recent takeover. This was never seen in the same light as another JWT client, Goodyear, which let it be known while the takeover was in the offing, that it might depart if it happened - and it has stayed.

But as the advertising community is the first to point out, advertising is not about share prices. If the financial figures may not be dented, morale is likely to be. "Losing a big account is a curious phenomenon. It causes instability all round, affecting the good people as well as the bad," says another multinational agency chief.

It is normal for takeovers and mergers in the ad business to bring lost business in their wake, though the reasons vary. *One group that knows this* well is the recently merged DMB&B. When D'arcy MacManus Masius merged in 1985 with Benton and Bowles worldwide, the fallout was substantial. The London office of DMB&B watched more than £20m of its £100m of business leave and staff too. "Psychologically once one big client moves out undoubtedly other clients look at the agency differently and ask themselves whether the business is being best looked after."

And in the fast-moving world of advertising, hope is often only a new client away. "What you need after a loss is a good win to rally the troops," says Tony Douglas, joint chief executive of DMB&B. The story of that agency's turbulence and subsequent stability will hearten Sorrell.

"Inevitably when a new body takes over a company it takes a long time for the dust to settle. But in the last year we've put on more business, £55m, than any other agency in town. Things do come good eventually, people forget and memories fade just as fast."

Feona McEwan

A colourful battle

The UK's Sunday supplements will soon be taking on their parents in the drive for advertising. Feona McEwan reports

WHEN the Observer's born-again colour supplement hits the breakfast tables on Sunday, complete with new title and hard spine, it will signal the next phase of the metamorphosis currently taking place in the UK's colour sup market.

Two weeks ago the Sunday Telegraph magazine flaunted a fresh face: a new logo on the cover, upgrading of the quality of paper together with a multi-media advertising campaign to shout about it.

Once waifer-slim pull-outs that arrived in the UK some 20 years ago as adjuncts to the host newspaper, supplements have matured into thick mat-like publications, valid in their own right. In short, supplements are becoming magazines.

In the eyes of the buyers of advertising space, the media planners, however, the supplements have been ever thus. Though technically classified along with national and regional newspapers, to advertisers they are seen as magazines, competing against highly successful women's weeklies such as Woman's Own and Woman and the television journals, Radio Times and TV Times.

The latest revamps of the Observer and the Sunday Telegraph are seen by the advertising community as an attempt to close the gap with the acknowledged pace-setters in the field - the Sunday Times which pioneered the sector in the 1960s and the younger, more avant-garde You magazine from the Mail on Sunday. The latter is said to be the nearest thing to a stand-alone publication and widely admired for its editorial savvy.

Industry observers now watch the Sunday Express magazine and the News of the World's "Sunday" to see whether they will respond to the repositioning in the sector.

But behind this flurry of activity lies a more acute reason for the shift in positioning - the impending explosion of colour opportunities in national newspapers themselves. Today newspaper sparked the trend when Eddy Shah's new tech machinery enabled national newspapers to print "on-the-run" colour for the first time. This meant that colour pages could be printed by the same process as the rest of the paper; previously they had been pre-printed elsewhere. The advantage for advertisers of on-the-run colour is that it is cheaper amd copy deadlines are shorter.

Robert Maxwell, owner of the Mirror Group, has been threatening to revolutionise the colour market with new and more expensive machinery which is due in to come on stream shortly. Advertisers, meantime, wait to see if it will live up to its promise. The Daily Telegraph, too, is at the forefront here.

This explosion of colour makes the press a more exciting and competitive vehicle for advertisers which previously found it on TV and in magazines. "Perhaps press can take advertisers out of television on the back of on-the-run colour," says Mike Yershon of Yershon Media, referring to television's high price - prohibitive for some advertisers - and its fragmentation.

The challenge facing the Sunday newspapers is how to attract new advertisers to the main newspaper's colour sections without cannibalising existing business currently going into the colour magazine.

In terms of revenue, the supplement sector is "in clover", as one media specialist puts it, in line with the bullish year experienced by most other media.

Revenue for the sector has risen from £48m in 1980 to £142m in 1986 which is a rise from 11.3 per cent of the total national newspaper advertising sector to 16.8 per cent, according to the Advertising Association.

Creatively, the supplements are seen as a showpiece for advertisers. Traditionally they have been regarded by media buyers as a surrogate male magazine, a means of tapping a male readership - particularly upmamrket men in reasonable numbers, says Vic Davies of The Media Business. Increasingly, he believes, the publishers are looking to develop the women's market and generate growth with one-off special supplements inside the magazines.

But there's room for improvement say the advertising media specialists. "The Sunday papers need to make the magazines better products," says Davies, "otherwise cynical media buyers would just look at how cheaply they can buy space irrespective of whether it's in the supplement or the paper.

"In the UK where there is a highly developed women's magazine sector, anyone trying to take that on can't have the thrown-together editorial that some of the colour supplements have been producing. To be viewed as magazines they have to have the editorial content, style and feel, and be as professional as the women's magazine sector," says Davies.

In this respect "You magazine has good editorial - not just full of ads," says Chris Thornton of agency Edwards Martin Thornton, referring to the mind-numbing blocks of ads now appearing in some supplements. Nor do advertisers know just how potent the colour supplement medium really is. The medium is largely unresearched and people buy it on trust. John Ayling, a media specialist, airs the reservations felt by many media buyers. "Colour in quality papers can now justify a cost premium against the considerably more cluttered supplement environment with its questionable editorial content. Would you get the same value for the ninth car spread in a supplement?"

There are doubts, too, about the pulling power of supplements in attracting readers - as opposed to advertisers. Ayling again: "I still question whether a supplement can radically change a newspaper's profile/perception. Younger readers will not read the Sunday Telegraph because the magazine has improved per se, but it will give added value to them if the editor attracts them by repositioning the paper itself."

Whatever the performance of the new look supplements, they are unlikely to face the same kind of indifference that met the first supplement from the Sunday Times in the 1960s.

Initial reaction was cool and cooling when Lord Thomson, *the paper's owner, sprang into* action. He hired a plane, filled it with media directors and flew them to Russia. He spent the trip expounding to his captive audience the merits and rationale of the ailing supplement. The ruse paid off and from then on the supplement never looked back.

A taste for imports

Gordon Cramb on changing demand in the US beer market

ALAN BOND, the Australian millionaire, is branching out in the US brewing industry at a time when national beer consumption is flat. Demand is polarising away from producers like G. Heileman, the Wisconsin-based company for which he has just agreed to pay $1.26bn.

In taking over a group which has an output as big as Australia's entire beer production, his Bond Corporation Holdings faces marketing battles on several fronts. Foremost, Heileman will have to arrest a four-year stagnation in market share lost largely to the all-pervasive Budweiser of Anheuser-Busch, which may this year capture 40 per cent of domestic sales against 8 to 9 per cent for Heileman.

During that period Busch has widened its lead from a less *than one-third share, leaving its* biggest rivals standing with an aggressive pricing and promotional policy. This is in a market held back overall by a swing to products like "wine-cooler" fruit juice mixes, as well as tougher anti-drink laws - a number of states including New York have recently raised the legal drinking age from 18 to 21.

Meanwhile, other developments - not necessarily negative for Heileman - will affect strategy under the new ownership. First, imports are growing. The 200 or more foreign brands available in at least part of the country together make up a penetration which, although 5 per *cent at most, is almost half* as much again as it was in 1983.

Second, small regional independents are winning favour. While Budweiser saturates the mass market, local brewers are expanding to meet demand for a less homogeneous product. These sell in the premium priced end of the market where Bond's own Swan Export, for example, has been selling modestly for the past year. Bond is believed to be interested in developing this as part of the combination with Heileman.

As an analyst with one Australian stockbroker in New York puts it: "He wants to establish a global product, and he would love it to be Swan." Imports are bought mainly by affluent young urbanites, and

> ... the cachet of foreign origin carries more weight in the US ...

changes in fashion can swing demand wildly. Heineken, the Dutch brew which has a roughly *40 per cent share of the import*ed segment, has been losing out to a previously unknown brand called Corona, shipped from Cerveceria Modelo in Mexico.

Heileman has the spare capacity to produce Swan or Castlemaine XXXX, Bond's other main label, in the US. But Joseph Doyle of analysts Smith Barney is one industry watcher for whom this is a less than logical facility. "I don't understand the synergies," he says. "Those people who are drinking imported beers like them imported."

He believes the cachet of foreign origin carries more weight in the US than in markets such as Britain where many Continental, US and Australian lagers are brewed under licence. Neither Lowenbrau, which the second-ranking Miller Brewing produces in the US, nor Heileman's own licence for the Danish Tuborg has been a success, according to Doyle.

The rule applies less to Canadian lines, where Heileman is prominent with Carling Black Label, which accounts for a tenth of its output.

Carling is better known internationally than any of Heileman's home-grown lines. The US company has expanded tenfold in the last 15 years by a steadily acquiring a stream of regional brewers. The campaign developed by Russell Cleary, its lawyer chairman, largely retained the outlets' individual identities, probably helping product loyalty locally but not throwing forward an identifiable national brand.

Martin Romm, beverage analyst at First Boston, notes: "It was a successful strategy; it worked well financially all that time. The growth rate ultimately did not accelerate, though."

Bond is expected to redress *that deficiency - he is already* test marketing a national product from his beach-head at Pittsburgh Brewing, which he bought last year for just $29.5m. He has also pledged to take Heileman into the export market.

Promotional spending is thought likely to be given a boost. On advertising, Smith Barney's Doyle estimates that Heileman spends only some $25m a year. Adolph Coors, which ranks just behind it in market share with 8 per cent, may be spending four times that.

An extra hindrance to Coors, however, has been a nine-year boycott of its products by the AFL-CIO, the US labour federation, which was called off only in August after a deal on union recruitment. This lesson will not have been lost on Bond; last month he provided elaborate pledges that the Heileman headquarters, operations and labour agreements there would remain intact.

THE ARTS

Letter from New York/Paula Deitz

Seductive in miniature

What grand boulevards are to Paris and green squares are to London, congested canyonesque streets are to New York. Our charm, if it be that, consists of an electric street life overshadowed by high sheer walls. Seen from the air at night, the city miniaturised translates as rivers of glittering light channelled between shafts of darkness.

Several current exhibitions deal with such views of New York City, in particular the idealised views of places seen in miniature. Though the purpose of architectural models is to sell buildings to clients and planning committees, on their own they have a seductive quality that invites a walk-through in the imagination. And one sees the whole space and form at a glance rather than piecemeal as when the project is completed.

Along with the new generation of skyscrapers that has signalled New York's recovery from near bankruptcy in the mid-70s, there has also been a boom in distinctive architectural modelmaking using some attractive new techniques, which seem to heighten the illusion. The Queens Museum has very cleverly gathered together 35 of these models for a show called, *"New New York: Architectural Models from the Last Decade."*

Organised by neighbourhoods—from the harbour and the financial district through mid-town, Harlem and the surrounding boroughs—these miniature buildings, streets and parks, set out quite simply on their individual podiums, show the latest overlay in perhaps the most continuously rebuilt city in the world. From Hugh Stubbin's 1976-78 aluminium-clad Citicorp Center, at the head of the new generation with its trademark one-sided pitched roof, to the three towers-in-progress around Carnegie Hall and the proposed controversial extensions for the Whitney and Guggenheim Museums, one can trace the development of recent pluralistic styles.

And yet for all the fuss about newly articulated tops and set-backs that are a throwback to revered older styles, one must admit that the ensemble seems fairly undistinguished except for those which have created an even more active street-level life — like the glasshouse plaza of Edward Larrabee Barnes Associates' sleek IBM tower. But John Burgee and Philip Johnson's mansard-roofed complex called Times Square Center, in the planning stage, could do as much to deaden the town's razzle-dazzle centre as a natural disaster.

Where in all this are the breathtaking moments that indicate real advances and originality? Perhaps in the borough of Queens, where Gwathmey Siegel is converting the old Chiclet factory into the new International Design Center. Also in Queens, Citicorp, with its new Skidmore, Owings & Merrill building may again be the bellweather for yet another generation of towers, this time across the Hudson from Manhattan.

The earliest model on view, from 1967, is of Zion & Breen's Paley Park, inserted between two buildings in East 53rd Street. Much copied but never equalled, Paley Park even in model form is a jewel with its refreshing rear waterfall rendered here in wavy glass and light. Indeed, the renaissance of the park system is a sub-theme of the exhibition, with models of the new Central Park Zoo and conservatories in the Brooklyn Botanic Garden.

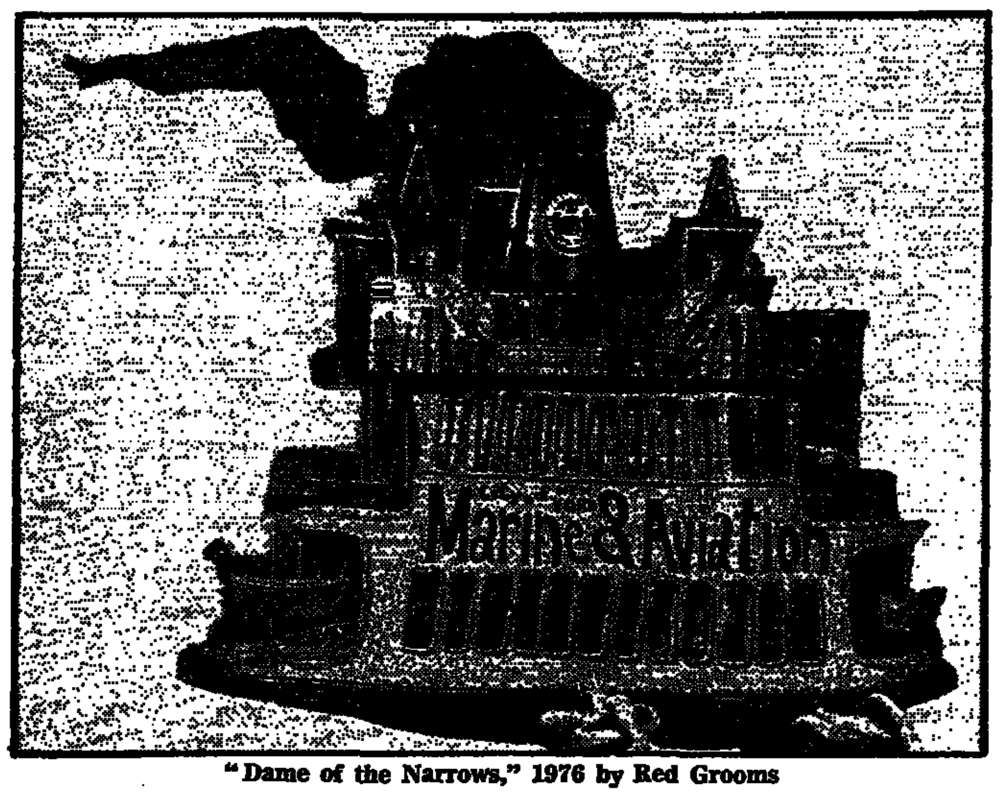
★

Another person who has crystallised New York in the 'seventies is the artist Red Grooms, whose three-dimensional sculpto-pictorama called "Ruckus Manhattan" (1975-76) is making one of its rare appearances in a survey of his work at the Whitney Museum (until October 18). In his art, which derives ultimately from the magic of children's pop-up books and puppet shows, he re-creates familiar locations on a scale which is miniaturised, yet large enough with streets and bridges that anyone can negotiate. His highly-coloured sculptures re-create places as one might recollect them in memory, with elements enlarged or reduced according to their importance.

Real people are now crowding the streets of his lower Manhattan at the Whitney as they do in real life. His own caricature people, created with Mimi Gross, loll at lunch hour on the steps of Federal Hall, while others can be seen creating a ruckus on the floor of the New York Stock Exchange.

Grooms sees himself cut out of the same American cloth as the painter Benjamin West, a portraitist documenting historical events in their everyday context. In one of his "cities" on display, "City of Chicago" (1967); he re-creates its whole contemporary history to a background of jazz.

In the exhibition's 55 tableaux, paintings, sculptures, prints and drawings (including a life-size "Ruckus Rodeo" for *Dallas fans*), *Grooms's development* shows his absorption of the earlier abstract and constructivist styles. He *still* scours the streets and ironmongers for materials to build what he sees as the natural American habitat.



"Dame of the Narrows," 1976 by Red Grooms

★

For thousands of New Yorkers looking out of their high office windows at Rockefeller Center, the view of the city is enhanced by the formal rooftop gardens on its four six-storey buildings along Fifth Avenue. With the restoration of these 1930s' gardens completed this summer, the patterns of the plantings have been renewed to their original crispness, texture and colour so important for a garden seen only from above. Except for the gardeners tending them, no one is permitted to walk their green lawns or cobble-stone paths.

Originally they were the conception of the Center's visionary architect Raymond Hood, who saw them as a part of a larger scheme of terraces with fountains and luscious plantings joined by walkways bridging streets—*a kind of park in the* air. Key to this enlightened real estate venture was the higher rents charged to tenants who would not see the usual tar paper, water towers and ventilators.

The new plantings successfully reproduce the spirit of British Horticulturist Ralph Hancock's original plans. Beds tightly framed by Newport blue boxwood, following rigid geometric lines, are complimented by day lilies in hues of yellow and orange and close plantings of *Sedum Stectabile.* Terracotta jardinieres overflow with red geraniums; and two gardens have saddled lawns and pools with fountains. Set within the buildings' limestone parapets, they resemble the walled gardens of medieval castles; St Patrick's cathedral's neo-Gothic *spires across the street* completes the illusion.

Seen in contrast, the Iris and B. Gerald Cantor Roof Garden, opened this summer at the Metropolitan Museum of Art to display 20th-century sculpture, little deserves to be called a garden at all. Except for a fringe of hardy Japanese yew, the surface is a blank of whitish granite paving that blinds the eye with reflected glare on a sunny day. No attempt has been made to vary the surface design with either interesting stone work or plantings, and the rooftops of the adjoining museum buildings give the impression of a sprawling industrial complex — nothing miniaturised about these.

Tannhäuser/Covent Garden

Max Loppert

When every possible excuse has been made for it — and, contemplating the recent concluded chorus dispute that bit hard into the opening weeks of the Royal Opera season, one can think of a few — Tuesday's *Tannhäuser* was a dim occasion. That it was in any way bearable was owed almost entirely to the presence of René Kollo in the title role: his intelligence, force of personality and power of characterisation did a fair amount to persuade the audience that, in the face of strong evidence to the contrary elsewhere, there did seem to be some point in putting this opera on at all.

Kollo's voice sounds worn. *The heaviest Wagner roles* have taken an obvious toll of a tenor not intended for them by nature; much of the tone of Act 1 was flawed, faulty, hollow (it firmed up somewhat later in the evening). But in spite of this — a big "in spite of," indeed, in this most murderously taxing of all Wagner tenor parts — he commands the music and the words, and bestrides the opera.

On a stage remarkable for its vacuousness, its lack of purpose in matters of design, *grouping*, and characterisation, he arrived with clear, focused ideas of what the work is *about*, and executed them cogently. The song-contest struggles were vivid, the Rome narration was harrowing. Kollo's first London Tannhäuser was, alas his last, for the moment at least (two of his three scheduled appearances had been cancelled, and on Friday a second leading tenor takes over the run, along with a new Elisabeth and Venus). But when the house comes to try its luck with the *opera* once again, if it ever does, he must be invited to return to it.

Elijah Moshinsky's 1984 production was a fair old botch; it is hard to believe that he could actually have made it far worse on revival. Most of the sets have been scrapped (no Giotto-style gold tiers in Act 2), and most of the costumes (Luciana Arrighi is no longer credited as costume designer). The whole opera—Venusberg and Wartburg alike—is now played before the same streaked grey cyclorama and with the same two props (a central throne, a mounted lyre). Dun costumes and dreadful square chorus drill are the order of the evening; Act 2 contains the most incompetent piece of blocking I have ever seen on this stage Stuart Hopps' school-playground Venusberg choreography and the final return of Venus as a blue hologram (while her voice sounds, indistinctly, from the top of the theatre) kill off the opera's central contrast with deadly finality.

At every moment this re-working screams compromise, failure of nerve, loss of aim. It is possible—just—to imagine a great Wagner conductor delivering some form of musical redemption; but Peter Schneider's traffic-policeman conducting — "competent" in the dullest, most unmusical meaning of the word—makes the long, uneven, ramshackle score an unrelieved plod. (It beats me that the Royal Opera should continue to prefer the earlier edition commonly known as the "Dresden" above the "Paris" revision, with its incursions of post-*Tristan* ecstasy; stylistic inconsistencies are easily detected in the later version, but that is surely preferable to acres of foursquare "Dresden" consistency.)

Cheryl Studer's Elisabeth (British debut) disclosed a bright soprano of appealingly girlish quality marred by hints of wobble and low-register dryness. Hakan Hagegard (house debut) was a sensitive Wolfram, insufficiently imposing in either voice or manner; Stanfania Toczyska's Venus, pleasant enough, remained anonymous. Gwynne Howell brought some welcome vehemence to the Landgrave, and the knights, led by Kim Begley, were vocally a sturdy band. Is *Tannhäuser* the most boring Important Opera ever written? The Royal Opera seem determined to have us believe that it is.

Tattoo Theatre/Almeida

Michael Coveney

One of the big hits of this *year's Edinburgh Festival* has arrived in London at the Almeida under the co-producing aegis of the host venue, the Bush, and Edinburgh's Richard Demarco Gallery. *Tattoo Theatre* comes from the Obala arts centre in Sarajevo and is an exercise, now savage, now charming, in wordless communication.

Keep calm: this is nothing to do with mime or performance art, although the proceedings begin, ominously, in the bar. A *leather-jacketed, slivovic-swilling* customer attacks a barman and absconds with the girl who served him. In the theatre, they set up home, decorating a simple grimy apartment with chairs, a table, a wireless, a baby. The man gives the girl a grey rabbit and marks her chest with a pact-sealing tattoo —his torso is an inkily riotous map of loyalties.

The banalities and strains of living together are all there is. But what else, for most of us, is there? Jelena Covic as the girl and Haris Burina as the man play out their relationship to the permanent over-lapping accompaniment of post-Punk music (melodic rock, reggae, Ian Dury). They do the dusting, the man slyly filches beer money from the housekeeping, they share a pineapple, fight each other, go to bed, are interrupted in love-making by the restless child.

An undertow of violence and ritual relates these antics to such sexual masochistic films as *The Postman Only Knocks Twice* and *Nine and a Half Weeks.* And Mr Burina is as electrifyingly vicious and "de nos jours" as anyone portrayed by Jack Nicholson or Mickey Rourke. This sort of scenario would seem to demand words. Its silence (soundtrack excepted) denotes a deeper menace and mistrust between the couple.

The rabbit is given to the boy and it promptly assumes human shape, magically lighting up the sky and the Christmas tree. At this point the show divides into a rape scene for the men (shepherded into the foyer) and something similar for the women (in the bar). Positive discrimination apart, this episode was baffling if it was intended to embarrass my sense of "man-ness."

Back in the theatre, post-Punk gave way to heated flamenco. The rabbit, grey head removed, was a girl after all. The man *goes outside* with her and returns to enjoy the provocative centre-fold beaver ballet on a chair by Miss Covic. He goes to prison, the girl has sex for money with a joke Arab. The original relationship is renewed, the rabbit given to the boy who goes off to camp with it. The couple sprinkled baby talc on their heads.

Mladen Materic, the author and director, and his actors, leave nothing obscure. The dance of sex, disappointment, betrayal, revenge and reconciliation is conducted through naturalistic movement, physiognomical inflection, gesture impregnated with pages of unspoken text. A small example: Burina, returning from prison has to re-establish his domestic status. He ducks and weaves, experimentally, either side of the internal washing line. Covic is angry, melts, is angry again. She sits on a chair. He fingers her hair. She bends, pinging her short white socks against her legs. They fight, she sits on his thighs, renewing the old habit of supervising his sit-ups. He places the rabbit in its box, they stand and cuddle up against a vertical mattress.

The sequence, like the entire two and a half hour show, is riveting in its simplicity and poetry. In Haris Burina, London makes the acquaintance of a candescent performer for the late 1980s; in *Tattoo Theatre* we find a genuinely exciting article in that much-*touted and usually disappointing* category of "theatre beyond words." I urge you to give it a whirl.

Alastair Muir

Jelena Covic and Haris Burina

Haydn and Mozart/Festival Hall

David Murray

Haydn's late Masses—six of *them after the last of his* symphonies—are too rarely celebrated in full-dress performance, partly because expensive solo singers with the requisite skills could be doing much showier things than Haydn asks of them. The *Harmoniemesse*, his last Mass, lacks even a picturesque nickname ("Harmonie" is just an old word for a wind band). Tuesday's concert by the Academy of St Martin-in-the-Fields was not only satisfying to hear but ingeniously planned, for it coupled the *Harmoniemesse* with the unfamiliar, intriguing *David de penitente* of Mozart, which *does* give the soloists a good run for their money.

Neville Marriner conducted the Mass cleanly and unfussily, with everything wellproportioned. The Academy Chorus, robustly stylish, were almost too strongly for the strings, but the wind ensemble was sonorous and warm; and Haydn's shifts of scale between solo-focus and full choral pronouncements were smoothly assisted by the solo team. Catherine Denley's first contralto entry was striking and exemplary—not a prima donna intrusion, but an individual voice uplifted among the crowd. Arleen Augér's soprano was coolly incisive too; and in the male duet-passages Keith Lewis and Stephen Roberts were vocally so well-matched that I hope impresarios will call upon them again and again.

In the Mozart Miss Augér and Elizabeth Gale made a less convincing pair, given Miss Gale's smaller gauge and wider pitch-focus; but it really mattered only in their competitive duet, better known as the "Domine Deus" in the C minor Mass. For *David de penitente* is Mozart's later draft of that incomplete work: he found someone to replace the canonical Latin text with a non-canonical Italian one, omitting the "Credo" music but making good the loss with new, highly operatic arias for soprano and for tenor.

Lewis shaped his with flair; Miss Augér sounded less assured, more provisional than expected, but it was nevertheless enough to demonstrate that the *David de penitente* Mozart was prepared to offer as a complete work should be treated at least as seriously as the original unfinished Mass. Marriner strode briskly through the music, without the slow-motion obeisances that the text of the Mass generally invites; the chorus made no less of their most telling moments on that account.

Perhaps a certain makeshift was still undisguised by Mozart's endings for the new arias, which are frankly operatic but deny the natural applause-reaction by proceeding without pause to sterner numbers. All the same, the Academy Chorus made a ringing final fugue out of what he first conceived as the "Cum sancto spiritu" of the Mass—a better conclusion, I thought, than any of the standard posthumous attempts to round off the Mass he never finished. We could do with more of *David de penitente* and less of pious imaginings about the Mass Mozart gave up.

Falstaff/Kingston-upon-Thames

Martin Hoyle

As an example of *multum in parvo* the latest production from City of Birmingham Touring Opera could hardly be bettered. To begin with, Jonathan Dove's scrupulous reduction of Verdi's orchestration down to 15 players retains *Falstaff's* bustling richness, a mixture of sparkle and lyricism. And Graham Vick's direction does wonders with a tiny acting space that looks barely large enough for a fat knight to swing paunch in it.

On Tuesday the parish church of Kingston-upon-Thames housed the alarmingly raked stage (more like a child's slide) with the voluminous traverse curtain whose folds could be employed as disguise, prop and scenery, and under whose piled coils old Sir Jack (as *vecchio John* becomes in Amanda Holden's lively new English translation) is discovered, or uncovered, slumped in post-prandial slumber in Act 2. The rear portion of the stage rises two feet or so to provide step, parapet or seat in which, in turn, a window can unexpectedly open. Trapdoors abound, through which sprout stylised trees (green spherical blobs on poles) and from which conspirators' heads can pop. This microcosm of *buffo* staging is designed by Paul Brown whose work includes *Road* and *Ourselves Alone* at the Royal Court, and represents a triumph of ingenuity; riches in a little space, as a contemporary of Falstaff's original creator observed.

Simon Halsey conducts with affection and vigour. From my neighbouring seat the orchestra lacked nothing in surge and Verdian *brio.* Nipping out from the side aisle at crucial moments to plant himself in front of the stage, Mr Halsey ensured a smoother run for the trickier ensemble passages than one has heard in certain opera houses.

Diction was mostly good, with the character roles, as so often, excellent (David Bartleet's Bardolph was crystal clear). Patrick Wheatley needs no introduction to London opera-goers. His Falstaff is shrewd and dignified. No buffoon, he accepts flattery graciously as his due (very Latin, this), his humour slightly muted, suitably so for this small-scale production. The voice sounds dry in more lyrical moments: in tenderness and subtlety it losses richness. Declamation finds him happier, as with the splendidly promising Ford of Quentin Hayes, whose relative inexperience in major roles was catered for by the production. In the great jealousy monologue he remained still and seated, finally rising, while dramatic lighting-changes took the place of stage business. All Ford had to do was sing, which Mr Hayes did in a bright Italianate baritone with a hint of burnished richness to come.

Angela Hickey's incisive Quickly and Mary Hegarty's full lyric soprano as Nanetta stand out. As Alice, Kate Flowers sounded slightly squally and under pressure. Has this accomplished *soprano leggiero* of a few years ago assumed heavier roles too quickly? The women's veiled cream horns and scalloped sleeves (the costumes eschew the stockbroker Tudor we often see in favour of the early 15th century) evoke a book of hours. The cantilevered codpiece of Pistol (Mark Beesley, a positive vignette) is decidedly too much. The tour continues to Bridgnorth, Knutsford, Stantonbury, Warwick and Stourbridge.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

September 25–October 1

Exhibitions

LONDON

The Tate Gallery. Turner in the new Clore Gallery: The Turner Bequest, which amounts to nearly 300 oil paintings, finished and unfinished, and a further 19,000 or so watercolours and drawings, has been a source of controversy and dissension ever since it came into the nation's hands more than 130 years ago.

WEST GERMANY

Hildesheim, Roemer- und Pelizaeus-Museum, Am Steine 1-2. Egypt's rise to a World Power: More than 300 pieces loaned by 20 museums in Europe, Africa and America – the first presentation of the most important 150 years 1550-1400 BC of the New Empire in Egypt.

PARIS

Bibliotheque Nationale: Fine Prints in France from the 16th to the 19th Century. More than 200 impressions of exceptional quality from the print department of the Bibliothèque Nationale show the infinite possibilities of artistic expression through varied techniques of printmaking. The panorama ranges from early engravings showing strong Flemisch, German and Italian influence to the majestic Grand Siècle style under Louis XIV, from Boucher's pastel-hued *sujects galants* to the modernity of Toulouse-Lautrec and the striking colours of Bonnard. Bibliothèque Nationale, Galerie Mansart, 58 rue Richelieu. Ends Nov 2.

Artcurial presents a panorama of 12 years of its activities Artcurial, 9 Ave Matignon (4299 1618). Ends Nov 14.

Fragonard: The Grand Palais is staging the first retrospective of Fragonard in collaboration with the Metropolitan Museum, New York. About 100 paintings and as many drawings celebrate the artist's love of beauty, in which he saw a manifestation of "nature's perfect health". The depth of observation in his Roman landscapes, mythological scenes and portraits counterbalances the decorative facility of the Scenes Galantes so typical of the 18th century. Grand Palais. Ends Jan 4.

ITALY

Rome: Palazzo Braschi: Painter-Photographers in Rome: 1845-1870: The term Painter-Photographer was used almost up to 1970 to describe the early photographers, even if they had never painted. An absorbing collection of documentary photographs of Rome, including a collection by the English archeologist John Henry Parker, and some striking portraits, all from the archives of the Rome Comune. Ends Sept 27

Venice: Ala Napoleonica and Museo Correr: 'Matisse and Italy': over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and Matisse's entire output of sculpture (75 pieces in all), lent by private and public collections in France and America, and the Musée Matisse in Nice. Pierre Schneider, the organizer, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and Veronese may have influenced Matisse. Until October 18.

Venice: Palazzo Grassi: Jean Tinguely: 1954–1987: The jokey mechanical sculpture of Swiss artist Jean Tinguely. A gentler, but still mischievous, version of Salvador Dali, Tinguely describes some of his incredible moving sculptures (all built from refuse iron and steel) as "machines a sentiments," and the complexity and sheer improbability of his works communicate a touching "joie de vivre." Over 300 works are on show, lent by American and European museums, with photographs of his first Self-Destructing Sculpture. Homage to New York, which duly self-destructed in the gardens of the Museum of Modern Art in New York in 1960. Ends Oct 18.

Cremona: Masterpieces by Antonio Stradivari: In honour of the greatest violin-maker ever, who died 250 years ago aged 93. About 50 instruments are on show including one of the ten surviving inlaid instruments – a violin outlined front and back with a delicate frieze of ivory squares and diamonds and a harp, a violin and a wooden violin case covered with leather and studded with nails forming an elaborate pattern on the lid. The exhibition has been organised by Charles Beare in collaboration with the Italian architect Gae Aulenti to coincide with the Cremona Music Festival at which Stradivari instruments will be played. Ends Oct 7.

NEW YORK

IBM Gallery: Post Modern Architectural Visions includes an international array of designers including Michael Graves, Hans Hollein, and Adolfo Natalini with 200 drawings and models of work from 1960 to 1985, originally organised by Williams College and Deutsches Architekturmuseum in Frankfurt. Ends Nov 7. 56th & Madison (407 6100).

CHICAGO

Art Institute: Walker Evans photographs of the 1930s showing poverty and despair in the American South were famous in their time in Life Magazine and preserved in James Agee's moving book, Let Us Now Praise Famous Men. This exhibit is a reminder at a time of renewed despair in the American heartland of the scope and depth of Evans' work originally done for the Farm Security Administration. Ends Nov 8.

WASHINGTON

National Gallery: A Century of Modern Sculpture, the Patsy and Raymond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 3.

Hirschhorn Museum: One of the Chicago contemporary primitivists whose repeated scenes make evocative images has his first major east coast retrospective with 49 paintings and four painted constructions. Ends Oct. 18.

TOKYO

Buddhist Art from Thailand: 155 works, mainly sculptures in stone, bronze and clay comprise this major exhibition of Thai art – the first on such a scale outside Thailand. The pieces, from 2,000 BC to the 19th century, represent the main period of Thailand's history. Tokyo National Museum, Ueno Park. Ends Oct 4.

Saleroom/Antony Thorncroft

Disappointing doll

Phillips met with a disappointment yesterday when a wooden doll made in England around 1690 sold for £26,400. It was hoping for a record auction price. This currently stands at £67,100 paid at Sotheby's in March for a doll of the same period. The Sotheby's doll had one hand and one lower leg missing: the Phillips was lacking just four fingers and her toes. She also still possessed her gold coloured silk dress.

The doll was bought by the American dealer Richard Wright, more famous in the saleroom as the driving force behind the demand for Teddy Bears in recent years. He will add it to his collection until he can find a buyer. The only reason Phillips can offer for not *approaching the record,* or reaching its £30,000 low estimate, is that in this rarefied market there was only one very keen bidder in the room.

Toy dealers might well be feeling drained after the excitement of Sotheby's toy auction on Tuesday when a record £23,100 was paid for a tinplate car made by Bing in Germany around 1902.

The price was well over double the estimate. But then it was a very strange day altogether with a Swiss dealer paying £38,500 for a stumpwork lady's bodice, of the early 17th century, and establishing a new record for an article of clothing. A pair of slap soled ladies shoes, also early 17th century, also raised eyebrows by selling for £20,900. Both lots were sent for sale by Viscount Hereford.

Almost as remarkable was the £1,210 which secured Fred Astaire's tailcoat and matching trousers which he wore in the 1936 film "Swing Time." They were acquired by the Museum of the Moving Image which opens shortly on London's South Bank.

Sotheby's just failed to make the Earl of Haddington £4m richer when it completed the auction of the contents of Tyninghame, in East Lothian, the home he has sold the better to shore up his other mansion at Mellerstain. The auction totalled £3,855,408, almost double the estimate.

Company Notices

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS (EDRs) IN

MINEBEA CO. LTD.

NOTICE IS HEREBY GIVEN that a cash dividend will be paid to shareholders of record date September 30, 1987. Furthermore, it has been declared that the shares will be traded ex-dividend on the Japanese Stock Exchanges with effect from September 26, 1987.

Subject to approval of the dividend, a further notice will be published, after receipt of the dividend by the Depositary, stating the amount and actual date of payment of such dividend together with the procedure to be followed for obtaining payment.

Coupon No. 8 will be used for collection of this dividend.

CITIBANK N.A., London. Depositary.

October 1, 1987.

Public Notices

IN THE MATTER of LYNPRINT LIMITED
And
IN THE MATTER of THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 31st day of October, 1987, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned BRIAN MILLS of 1 WARDROBE PLACE, CARTER LANE, LONDON EC4V 5AJ, the Joint Liquidator of the said Company, and, if so required by notice in writing from the said Joint Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 18th day of September 1987.

P. J. D. RILETT,
B. MILLS,
Joint Liquidators

No. 002263 of 1987

In the HIGH COURT OF JUSTICE, *Chancery Division, Companies Court. In* the matter of DULEEK CATERING SERVICES LIMITED and in the matter of the Insolvency Act, 1986.

By Resolution of a Meeting of the Company's Creditors passed on 4th September, 1987 Mr Patrick Granville White of 1 Wardrobe Place, Carter Lane, London EC4V 5AJ has been appointed LIQUIDATOR of the above named Company without a Liquidation Committee.

Dated this 24th day of September, 1987
PATRICK GRANVILLE WHITE
LIQUIDATOR

FINANCIAL TIMES
BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Thursday October 1 1987

Mr Lawson's proposal

IT IS difficult to live with the US and impossible to live without it. This is the main lesson of what has been called the "American century." At least since the First World War the US has been the world's most important economy, but it has frequently been relatively indifferent to developments in the rest of the world. Consequently, the US has indulged in periods of economic unilateralism that have proved shattering to the rest of the world and uncomfortable to itself.

At present, both the US and the world are recovering from the unilateralism of 1981 to 1985. The shift to co-operation started with the Plaza Agreement of September 1985, when it was agreed that the dollar was overvalued, and continued with the Louvre Agreement of February 1987, when it was decided that currency adjustments had gone far enough. It is against this background of evolving co-operation that the welcome ideas for a more formal system of managed floating, announced yesterday by Mr Nigel Lawson, the Chancellor of the Exchequer, need to be judged.

Mr Lawson argues that the conditions for greater economic stability now exist. It is possible, therefore, to consider making a public commitment to exchange rate zones, and, in any case, such zones have to be the permanent foundation of exchange rate policy.

Currency market

Mr Lawson insists that such exchange rate management would work because it builds on the shared commitment to low inflation. The management of the system as a whole would be assisted by use of indicators aimed at a medium-term, nominal framework for policy. The Medium Term Financial Strategy would have gone global. It is perhaps not surprising that Mr James Baker, US Treasury Secretary, has responded with a call for an old favourite of the US Administration, a commodity anchor for exchange rates.

Mr Lawson also offers thoughts on the immediate situation. Current account imbalances, he asserts, do not undermine the case for rough stability of the current pattern of exchange rates. Deficits and surpluses are not only a natural phenomenon, but the attempt to unwind the imbalances more rapidly by further depreciation of the dollar would be "a serious mistake."

These proposals need to be analysed both as a long term system for global macro-economic management and against the immediate pressures upon it.

First, the proposal builds on the clear lesson of floating exchange rates that there is a dearth of medium-term speculators in currency markets. In their absence a fundamental trend can become greatly exaggerated. It is desirable for the central banks to act as a substitute for the missing speculators, which will prove both profitable and useful.

The second and more important point is that the long-term value of a target zone system depends on the influence exchange rate movements, combined with the various indicators, exert on the monetary and fiscal policies of the participating countries.

If the US, to take a salient example, were to adjust both fiscal and monetary policy in response to movements in the exchange rate, the system would be beneficial in its effects on domestic policy and international economic performance.

This last point leads one naturally to the immediate situation of fiscal and current account imbalance. In these circumstances, attempts by the central banks to stabilise exchange rates risk monetisation of the external counterpart of the US fiscal deficit, as the Japanese authorities have recently made clear, thus reigniting inflation globally.

There is, in fact, a stronger case than Mr Lawson allows for permitting further depreciation of the dollar. Surprisingly, perhaps, the more promptly the US fiscal deficit is cut the better that case, since that would release domestic resources and so provide the conditions for a non-inflationary adjustment of the external position. Unfortunately, it does not look as though a liberal US trade policy will survive the sort of persistent external deficits that are projected at current exchange rates. A period of dollar undervaluation would, therefore, be a helpful precursor of the long-term stability that Mr Lawson rightly desires.

Mr Lawson deserves credit for the timeliness of his proposal. If the introduction of such a system also influences the policies of the major countries in the desired way, he may deserve credit for much more. The result could be the sort of multilateral co-operation that made the first 30 years after the Second World War the most economically successful in history.

The limits of glasnost

AN ALMOST audible sigh of relief ran round the world on Tuesday at the news that Mr Mikhail Gorbachev had reappeared in public, apparently in the best of health and in full political control of his country.

That is in itself an extraordinary fact, and an indication of the highly unusual, perhaps even unprecedented, situation which now prevails in the Soviet Union, or at least in the outside world's perception of it. It is hard to think of any previous time, except possibly between 1941 and 1945, when a temporary disappearance of the Soviet leader would have caused such widespread anxiety.

Of course there must be people in the world who would drink to the General Secretary's ill health, whether political or physical: on the one hand state and party apparatchiks who see their jobs threatened by his reforms; on the other people bitterly opposed to any communist leader, who regard him as a specially dangerous one precisely because of his obvious intelligence and ability to disarm opposition. There are those in the West, after all, who regard the reformed and invigorated Soviet Union that Mr Gorbachev promises as a far more dangerous antagonist than the sclerotic, enfeebled country over which Mr Brezhnev presided.

Good news

But such views are clearly, for the moment, those of a small minority. Among the majority, both in the outside world and—as far as one can tell—in the Soviet Union itself, there is a great variety of views about Mr Gorbachev's chances of success but a consensus that the direction he is trying to move in is the right one; that if he succeeds the world will be a safer and more cheerful place. A Soviet Union with a freer atmosphere and a more efficient economy, based on real markets with a degree of competition and a degree of private incentive, would be better for its own citizens and also easier for the rest of us to live with.

So it is good news that Mr Gorbachev is still there. But the episode of his 53-day disappearance—or, more strictly, non-appearance—still leaves a feeling of unease. He himself has made light of it, describing it as a month's well-earned holiday which, moreover, he put to good use.

But that still leaves a gap of 17 days before his holiday began and five days after it ended during which the world and the Soviet people were not told where he was or what he was doing. And during the whole period of his absence nothing was said officially about his whereabouts. Neither the speculations in the foreign press about his health (and his wife's), nor the official denials of them, were given the slightest echo in the Soviet media, for all their new-found freedom.

This silence may well reflect nothing more than an instinctive, even obsessive, habit of secrecy. But it does remind us that that habit is deeply ingrained in the Soviet system; and the world's reaction reminds us how much we still regard the changes in the Soviet Union as dependent on the life and power of one man. Wrongly, perhaps: Mr Gorbachev's holiday did not stop Mr Shevardnadze from negotiating the INF agreement in Washington, nor did it halt the passionate debate about the legacy of Stalinism in the Soviet press. But the Soviet Union does not yet have the sort of institutions to inspire confidence that the process of reform would continue without Mr Gorbachev's relentless drive and his readiness to protect the whistle-blowers and taboo-breakers.

Coincidentally but a propos, the annual report of Amnesty International reminds us that there are still political prisoners in the Soviet Union, even if fewer than before, and that they are still very harshly treated. While it would be perverse to pretend that nothing has changed, it would be foolish to suggest that much does not still have to change before one can be confident that the change is irreversible.

As the presidential race gets under way in South Korea, **Maggie Ford**, in Seoul, reports on rivalry within the opposition camp

Divided partners

Opposition leaders Kim Dae Jung (left) and Kim Young Sam: they promised they would agree on a single presidential candidate, but a decision has yet to be made.

THE VIEW from the office of Kim Dae Jung, the leading South Korean opposition politician, takes in the National Assembly building, symbol of the democratic change demanded by the people on the streets in June.

Inside the building, Congressmen are working out the details of laws to govern the December Presidential election, which Mr Kim, long a fighter for freedom and human rights, may win.

But behind his office lurks an even more potent symbol. Lined up, in readiness for today's annual Armed Forces Day parade, are rows of tanks, missile launchers, fighter jets and soldiers. While few people in Seoul expect military intervention before the election, the troops and weapons provide a disturbing reminder that the path to South Korean democracy may not necessarily be smooth.

Some of the difficulties have been manufactured by Mr Kim himself and his colleagues in the opposition Reunification Democratic Party, Kim Young Sam.

After the June demonstrations forced concessions from the Government, the two Kims promised that they would agree on a single presidential canidate to stand against Roh Tae Woo, of the ruling Democratic Justice Party—President Chun Doo Hwan is standing down. But almost four months have passed with no sign of agreement between the opposition leaders, and there is scepticism about whether either Kim will be allowed by his supporters to leave the race.

The two Kims have been rivals for years. Kim Dae Jung, the more charismatic of the two, beat his colleague for the presidential nomination in 1971 and narrowly failed to win what many believe was a rigged election. A man who has suffered numerous periods of jail and house arrest, a kidnapping and the threat of execution for his beliefs, Kim Dae Jung is an excellent speaker who champions the cause of the underdog.

The Government regards him as a radical, although some of the things he has advocated, such as a fairer deal for the lower paid, have been adopted. In his eagerness to pursue reunification with North Korea, however, it is felt he could lack caution in his approach to his country's Communist neighbour.

Kim Young Sam has not been subject to the same persecution as his colleague. He is considered to be more conservative and a weaker personality. In a country where concern about revenge is strong, his mild image is seen as an advantage by those whose first concern is reconciliation. Unlike Kim Dae Jung, he is thought to be acceptable to the military.

Dissent between the opposition factions has contrasted with displays of compromise both by the politically bipartisan committee, which drew up a revised constitution in less than a month, and by workers and management in speedily resolving the August industrial disputes.

The eight-man constitutional committee agreed on direct elections both for the President, who will be able to serve only one five-year term, and for the National Assembly. Key issues, such as neutrality of the military, a ban on the President dissolving parliament, independence of the judiciary, workers' rights and investigatory powers for parliament, have been settled. The public will vote on the constitution in a referendum at the end of this month.

Rules for both the presidential and assembly elections are now being considered by the committee. These negotiations covering voting age, boundary changes and multi-member constituencies, strike at the heart of each party's support and are likely to be keenly fought. The opposition will also want to make sure that regulations monitoring the fairness of the election are drawn up.

The quick resolution of the constitutional changes and the labour disputes has encouraged public optimism that democracy can be achieved, and calmed fears that a relaxation of control would prompt widespread demonstrations of the kind which led to military intervention in 1980.

"We feel that this time we can get democracy," says one young businesswoman in Seoul. "The problem is we want to vote for the opposition." There is real anxiety that the election of Kim Dae Jung would be a step too far for South Korea's more conservative forces.

Reports that sections of the military would remove him from office, one way or another, have been denied in the National Assembly by Chung Ho Yong, the Defence Minister. He is a former general and supported President Chun's 1979 coup.

The warm but restrained welcome that Kim Dae Jung received in his home province of Cholla two weeks ago has not stilled people's fears about the uprising in Kwangju, the regional capital, in 1980. At least 200 people were killed when the rebellion was ended by President Chun's troops, and concern remains that the victims' connections will want those responsible punished. Mr Kim has repeatedly said that he and his supporters will not seek revenge.

For many voters, the ideal compromise candidate for the national presidency is Kim Young Sam, with Kim Dae Jung as party president.

Others, however, especially among the working classes, students and people living in the Cholla region, which has benefited less from South Korea's economic miracle, believe that only Kim Dae Jung can deliver true freedom to the country.

Tactical voting could be an important factor. The 1985 National Assembly poll, when opposition candidates won in some areas in the face of a system weighted almost impossibly the other way, showed how intelligently South Koreans are capable of using an electoral system to get their message across.

But if both Kims stand, tactical voters will face a confusing choice, which obviously could let Roh Tae Woo in. If Kim Young Sam stands alone he is likely to win. If Kim Dae Jung is the only opposition candidate, the result is likely to be very close, and perhaps determined by a third Kim who is expected to declare his candidacy next month.

Kim Jong Pil was Prime Minister of South Korea under the regime of President Park Chung Hee, who took power in a coup in 1961 and was assassinated in 1979 by the head of his own intelligence agency.

After being involved in the coup, Kim Jong Pil set up the intelligence agency, which was hated for its activities against Government opponents. An unlikely candidate in a democratic election, he wishes to underscore the legitimacy of the early part of the Park Government, when South Korea's economic development got under way in a relatively liberal atmosphere. President Park was elected to office several times after the coup, narrowly beating Kim Dae Jung in 1971. Although Kim Jong Pil has little chance of winning, his candidacy could eat into Mr Roh's share of the vote.

Mr Roh started his campaign last month with a visit to Washington, which included meetings with President Ronald Reagan and George Shultz, Secretary of State. Despite disclaimers from Washington that the US was supporting any particular candidate — opposition leaders have also been invited to visit—Mr Roh's advisers admitted that the trip was risky, given South Koreans' dislike of any apparent foreign intervention in internal politics.

However, he has emerged without much criticism and indeed made a number of well received policy suggestions, including a more conciliatory stance in efforts to improve relations with North Korea.

Signs have recently appeared that an end to the Kims' indecision may be in sight. Following three visits to the provinces, Kim Dae Jung said that he was very pleased with the support he had won.

The visits also appear to have helped nudge a concession from Kim Young Sam, who is no longer insisting that the party leader and the presidential candidate must be the same man. This could provide a formula under which both men could have a senior role to play, reflecting the strong support each has from their individual large constituencies.

Whatever their decision, it is likely to be taken at the last minute, given South Koreans' tendency towards brinkmanship. Most people's money, at present, is on all four contenders throwing their hats into the ring.

Whatever the outcome, Kim Dae Jung can probably take some comfort from the comment of a voter who is emphatically not one of his supporters: "Whoever wins, we must accept it—even Kim Dae Jung."

THURSDAY BOOK REVIEW

The case for the Crown

The inside story of the Director of Public Prosecutions

By Joshua Rozenberg
Equation: Thorsons; £12.95

APART FROM a lone public lecture in 1950 by its most notable holder, Sir Theobald Mathew, there has been a dearth of reliable literature describing and illuminating that peculiarly English legal institution—the Director of Public Prosecutions. The omission has been partially repaired by this book, which makes no pretence to being definitive. Mr Rozenberg has nevertheless provided a rare peep into the workings of our public prosecutor.

In 1824 Lord Denman (who later became Chief Justice of the King's Bench) identified what he called "a strange anomaly in the English criminal system—the entire want of a responsible public prosecutor." It took parliament 140 years to remedy the defect by the appointment of public prosecutors.

Until then the private citizens' role of prosecuting (a role which still exists, although rarely exercised) was taken over by the police forces that were created from the middle of the 19th century onwards. It was not until a year ago that the power to prosecute was taken out of the hands of the police, with the creation of the independent Crown Prosecution Service under the Director of Public Prosecutions.

From 1880 onwards the Director had himself handled the more serious criminal cases and acted as adviser to the police prosecutors in the rest of criminal prosecutions. It is that function which forms the bulk of Mr Rozenberg's book. At the heart of the discussion is the relationship of the Director to the Attorney General. From the very outset the Director has been statutorily under the "superintendence" of the Law Officers of the Crown. The question is: does this include the power to direct and has that direction been politically motivated?"

Mr Rozenberg's analysis is accurate and exposes the inherent ambiguity.

The Director of Public Prosecutions acts of his own accord in most cases. In some cases he consults the Attorney General, who in turn decides for himself, although by constitutional convention he may consult his ministerial colleagues. The received wisdom is that the Attorney General is entirely independent, wearing his prosecutorial, non-political hat, because no political colleagues can tell him what to do, although their advice may be, and often is, persuasive. The Director ultimately has no such independence. In the final analysis he is effectively under the control of the Attorney General.

Mr Rozenberg puts it in a nutshell: "Parliament has wanted a Director of Public Prosecutions with enough independence of the Government to avoid being subservient to it; and enough supervision by the Government to ensure that he is ultimately answerable, through the Attorney General, to parliament. What was wanted was a Director of Public Prosecutions who was not prepared to be pushed around by the Government—unless the Government had decided to push him around."

All this reflects a typical English compromise which on the whole works. Or does it?

Mr Rozenberg does not provide the complete answer. But his highly selected cases of public notoriety suggest that it works tolerably well. The trouble is that where there has been parliamentary questioning or adverse public comment all too little has been revealed for any sensible judgment to be made. We shall have to wait for some more penetrating study of some of the politically sensitive prosecutions before we can judge. In the meantime we are likely to watch how the new Director of Public Prosecutions, Mr Allan Green, operates under the new independent prosecuting system.

Mr Green is only the tenth holder of the office. His immediate predecessor, Sir Thomas Hetherington, came in 1977 from the legal public service.

Mr Rozenberg has benefited hugely from the openness that Sir Thomas Hetherington initiated. Some of the lifting of the institutional veil reflected a deliberate policy of Sir Thomas to talk more freely to the press about his department.

Mr Rozenberg has responded to this novel treatment by demonstrating a high regard for Sir Thomas — and rightly so. But it might so easily not have been that way.

When Sir Norman Skelhorn retired in 1977 the legal profession expected, both on grounds of precedent and on rightful claim that the appointment would be made from among suitable private practitioners. Indeed the post was offered to a distinguished Queen's Counsel. Only Treasury parsimony finally stood in the way of acceptance.

What was desperately needed at the time was someone who could lead and inspire a department that had lost some of its direction. An able administrator rather than a person of acute legal acumen was called for.

Sir Thomas Hetherington filled that bill to perfection. His reorganisation of the department and his ushering in of the new Crown Prosecution Service has been achieved successfully, under very difficult conditions of financial restraint and manpower problems.

That much, and a good deal more, comes through clearly from a perusal of this highly readable book.

Louis Blom-Cooper

Levine and Co: The Story of Wall Street's Insider Trading Scandal by Douglas Frantz, reviewed in this page last week, will be published in the UK later this month by Paul Maitland, 13 Sutherland Road, Tunbridge Wells TN1 1SE (Tel: 0892 26092): price £15.95.

Men and Matters

Homing in on Euro cash

Today sees the fruition of a dream that began seven years ago for Michael Clarke, accountants Coopers and Lybrand's new man in the EC.

Clarke, aged 41, is the Coopers part of a new joint venture with Belmont, the Brussels-based legal and consultancy firm. His main partner in C & L Belmont, which starts business today, is the legal firm's head, the ubiquitous Stanley Crossick, an old campaigner on the EC lobbying circuit.

The aim is to gear up to provide companies with advice and warning on the EC's campaign to build a free internal market by 1992.

Crossick has plenty of personal experience of crossing market barriers. He spends most of his time on aircraft commuting between Brussels and clients' offices across Europe.

For Clarke, this is the culmination of an idea hatched while flying the Coopers flag in Zaire.

The amount of EC aid being spent in the area suggested to him that there must be plenty of work for accountants at the source of all this cash, Brussels. After surveying the field more closely, Clarke persuaded Coopers to open an EC liaison office three years ago to keep an eye on Community developments.

Clarke took a diversion via Shanghai to handle Coopers' Chinese interests, which might seem a rather unexpected route to the EC. However, he feels this was a good qualification.

After all, he points out: "The Chinese invented and perfected bureaucracy and all that goes with it."

Bond issue

A rather tricky game of "mind my ego" has reached a delicate stage in Tokyo. The cards were dealt when the Japanese Ministry of Finance let it be known that one of the seven foreign companies which it deigns to allow to underwrite a smidgeon of Japanese government bond issues would be promoted to underwriting manager.

Unfortunately, the ministry declined to name the lucky party. Instead, it suggested mischievously that the foreigners should decide amongst themselves who would join the six Japanese managers.

So far the past two or three weeks, the top executives of the seven houses — Salomon Brothers, First Boston, Morgan Stanley, Merrill Lynch and Goldman Sachs of the US, and S. G. Warburg and Jardine Fleming of the UK — have been exercising their diplomatic skills to make sure that nobody's ego is bruised.

Six of them have agreed to compromise and take turns at managing the monthly issues. But the seventh, Salomon Brothers, the biggest foreign player in the Tokyo market, apparently believes that this solution somewhat under-rates its importance. To break the impasse the group of six has written to Nikko Securities, the Japanese company which is lead manager, asking it to find an answer.

Ministry of Finance officials insist they have no intention of intervening. "They must find a consensus. It is a bit difficult for them," said one official gleefully.

Workers' paradise

The public debate raging within the Labour Party about the relative merits of owning shares has been quickly exploited by the Morning Star, Britain's only Communist daily.

The newspaper with its espousal of traditional Communist traditions of industrial militancy and a rigid pro-Soviet line (the "tankies" faction), has tended to keep its distance from Labour's soft left.

But it has jumped on the recent statement by Bryan Gould, the party's industry spokesman, that good Socialists should support the idea of owning shares as one means of taking power from the hands of the few, and spreading it more widely.

"If he thinks that working people can take over such monster firms as ICI and BP by buying up shares in them," comments the Morning Star caustically, "he may be waiting quite a long time."

The newspaper claims, however, that it is in the mood for ideological charity. "Perhaps he was referring to buying shares in the PPPS," it ventures.

PPPS is not an insect repellant but the financially troubled Morning Star's life-line: its supportive co-operative called the People's Press Printing Society.

The Morning Star is thought to have lost over £300,000 last year and its circulation in Britain has dipped to around 10,000 copies a day. Nevertheless, the Morning Star this week reminds its readers that, "thousands of ordinary trade unionist and labour movement organisations have bought shares in the movement's only voice."

The newspaper says its £250,000 share appeal has now reached £87,134.

Some way to go yet before its tanks are on Neil Kinnock's lawn, and it is looking for a full stock exchange listing.

Arts show

A dusty roundabout at the end of New Delhi's grand Raj Path, which stretches from Lutyens' pink presidential palace to India Gate, is not the most likely place to find a vast reclining mother-and-baby bronze by Henry Moore. Yet for the next six weeks this £250,000 sculpture will rest there, marking the entrance to an exhibition of Moore's work, valued conservatively at some £50m, which is to be opened today by Rajiv Gandhi, the Prime Minister.

The star exhibit is a relatively small 1931 mother and child stone carving, believed lost until it was unearthed by the exhibition organisers in the private collection of the Maharajah of Aundh near Bombay. It originally cost 35 guineas and is now insured for £300,000.

This is the biggest arts event ever mounted in India by the British Council. Consisting of 200 sculptures and pictures with a family theme, it marks a modest British attempt to reply to the massive Festival of India in the UK five years ago, which was the forerunner of India festivals in France, the US, the Soviet Union and elsewhere.

The UK has not found it possible, for a variety of organisational reasons, to mount a matching arts event in India, although this is to be done within a few weeks by the Soviet Union, and a Japanese month will follow soon.

So, with some frustration and urgency as India celebrates its 40th year of independence, the British Council is broadening out the Moore show, which will travel in a smaller form around eight Indian cities, with a host of cultural events.

Company sponsors cushioning the show's £250,000 cost include British Airways, which could not find a plane with cargo doors large enough to take the biggest reclining figures. These had to be ignominiously carted by road to Paris and flown in by an Air France jumbo.

Early warning

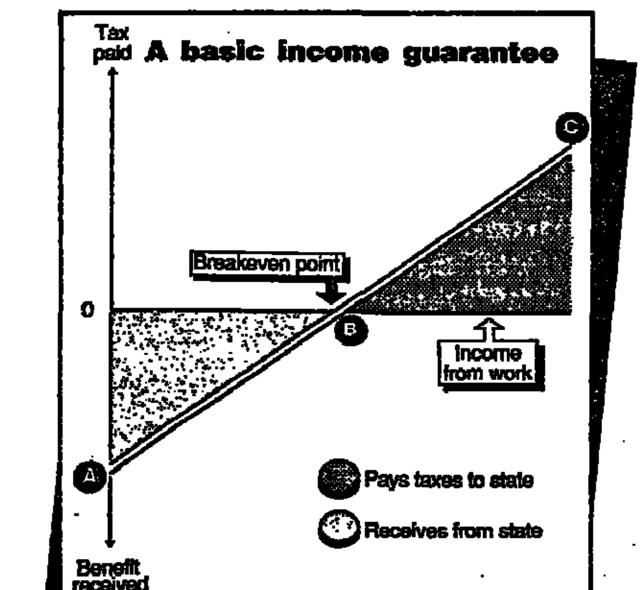
Is this, as they say, a record? The FT newsdesk has received its first Christmas card of 1987, bearing the still three-months-away season's greetings of the Dovercoates Industrial Estate, Huddersfield.

Observer

Economic Viewpoint

Capitalism and the under class

By Samuel Brittan



NO READER should be put off by the chart. For the article is not about technical economics, but about basic questions relating to property, poverty and citizenship which have taxed thinkers from Aristotle onwards.

My own starting point is a conference last week in the hills above Florence held by the Andrew Shonfield Association to commemorate the work of the person who really founded postwar economic journalism, and went on to write a series of *distinguished* works such as Modern Capitalism which still serve to promote discussion and controversy.

The most controversial moment in our conference came when Dr Ralf Dahrendorf, former EC Commissioner and director of the London School of Economics, announced his conversion to Thatcherite economics.

His conversion had one important caveat. Dahrendorf accepted that the majority of people in reasonable jobs had done well in terms of both income and opportunity. But Thatcherism, Reaganism and less articulate movements in other countries in the same direction had left an underclass of perhaps 15 per cent outside the mainstream of society.

In the US the members of this under class would often be the working poor, doing low-paid menial jobs. In Europe where benefit levels were higher, they tended to be *unemployed*. He *personally* would prefer to be unemployed in Europe rather than part of the working poor in the US.

But better than either would be a basic income guarantee, which would top the income of the working poor as well as the unemployed. In that way people with low earning power could take a job without being driven into abject poverty.

Interest in the subject was further stirred, when I came back from my hideout on the Ligurian coast, by a speech by *John Moore, the Social Services* Secretary. The speech deliberately avoided specific proposals and statistics, but was directed to questioning the dependence on government handouts of various kinds involved in the current Welfare State and to asking whether there were better ways in which help for the less fortunate could be given.

Would a basic income guarantee encourage dependence further? Or could it instead be seen as a means to independence?

My own contribution was to remind people that income which did not derive entirely from work had a long and honourable history. The European upper classes had lived for centuries on inherited wealth — without which the villas, palaces and galleries all around us would have been impossible.

Even among the bourgeoisie, income from property was for long a supplement to income for work—and a major cushion and element of flexibility.

Indeed the only thing wrong with unearned income is that too few have it. In all past civilisations the choice was between such income for a few or for none. But if the productive possibilities of robotics and the microprocessor are even a fraction of what is claimed for them, the "modest competence" which was the ideal of the Victorian novelist may eventually be possible for all citizens.

The clue to legitimising some basic income guarantee is to see it not as a handout, but as a property right. What is or is not a property right depends on custom, attitude and psychology as well as law. The important characteristics are that such rights should be widely accepted and should change only slowly in content. In other words they should be secure from rapid redefinition or abrogation with each swing of the electoral pendulum.

Market economists often say: "Low pay is better than no pay." This is right, but does not go far enough into the implications.

What do we do about people for whom it does not pay to take a job, not because they are lazy or work-shy, but because the market value of their pay is less than or not very different from the social security minimum?

A sufficient cut in the dole or a more stringent enforcement of the work-search condition would undoubtedly force many people to find—or create for themselves—more low-paid jobs, of which the extreme example is selling matches at street corners. Thus the pressures would increase on citizens who already face much less attractive conditions than their fellows. Whomever else such policies helped, it would not be the unemployed.

A TUC economist, Bill Callaghan, quite legitimately draws attention to the increased dispersion of earnings. The ratio of male real earnings for the bottom tenth of wage earners, relative to those of the average fell by 20 per cent between 1979 and 1986.

The sad conclusion to me is that even this relative fall was not sufficient to price all the lowest earners into work. The key problem for European economic and social policy is how to obtain the benefits of a flexible US style labour market, without US poverty or US ghettoes.

The only thing wrong with unearned income is that too few people have it

If we reject policies for starving the unemployed back to work *as we should, is there* nothing that could be done to avoid the affront to human dignity and the economic loss from lack of recognised work by people of low earning capacity? Surely it would still be desirable for people on the dole to be able to earn something extra in a legal way without losing all their social security entitlements beyond the trival amounts which can be "disregarded" under present arrangements?

The basic income guarantee is the most radical way of moving away from the present style of contingency benefits.

The essence of the guarantee is that everyone receives a basic payment from the state (OA in the chart) which is subject to tax—in its pure form at the same rate as any other source of income. The basic payment will of course vary with the number of dependents.

Let us assume that the basic income is £4,000 per annum and the tax rate is 50 per cent. Then the breakeven point (B in the chart) comes when the citizen is earning £8,000 per annum in ordinary earnings. On this he pays tax of £4,000 which entirely cancels out his initial payment from the state.

In order to reduce the cost to the taxpayer, most suggested schemes, such as these of the Institute for Fiscal Studies or *the Social Democrats*, have a withdrawal rate for benefit recipients—such as 80 per cent or more as benefit rises—much higher than the basic tax rate. (The line AB is tilted downwards so that it is much steeper than BC.)

The higher the withdrawal rate, the more that help can be concentrated where it is most needed, but the greater the poverty and unemployment traps — in the sense of specially high tax rates at the bottom end of the income distribution.

There is so much squabbling among rival reformers that it is not generally realised that a basic or minimum income guarantee, a social dividend and a negative or reverse income tax all amount analytically to the same thing. The essential properties of the system are given by the size of the payment to a person with no other income (OA) and the marginal withdrawal and tax rate (AB and BC).

The frequent emphasis on integrating the tax and social security system is misleading. For by itself it is only an administrative simplification. The hard choices remain the trade-off between generosity of basic payment, the *steepness of* the withdrawal rate and the cost to the taxpaying majority.

A basic income guarantee large enough to replace all contingent benefits including state pensions, and provide everyone in or out of work with at least a minimum subsistence income, would be prohibitively expensive at present. But what is now utopian need not be utopian for ever. The essential condition is that there should be a fairly large gap between national income per head and *a tolerable basic minimum.*

Meanwhile a start could be made in various ways. For instance the Family Credit (formerly the Family Income Supplement) is already an embryonic negative income tax. It is now only available to families with children. But it could be made payable to all. It should also be made more generous relative to other benefits.

If this were done, an unemployed person with low earnings capacity could afford to take a low-paid job and have his income topped up, so that he would be still at least a little better off at work than on the dole, which might not be the case today.

Another very different step in an apparently unrelated area would be the distribution to all citizens of privatisation shares instead of selling them at slightly below market prices as at present. Perhaps wishfully, I have always regarded John Moore as a secret supporter of the share giveaway. Electricity privatisation would still provide a belated opportunity, if there were a Cabinet change of heart.

Obviously the income from citizen shares could not begin to compare with social security benefits for a very long time, and some people would dissipate their capital. Nevertheless, they would at least establish the *principle that the ordinary* citizen has two sources of income: an income from work and another from property entitlements. So they are still an obvious place to begin the new thinking.

My own interest in a basic income guarantee goes back to the early 1970s when I wrote a book entitled Capitalism and the Permissive Society, which was unusual, but consistent in being in favour of both. (It is to be republished soon by Macmillan under the more staid title of A Restatement of Economic Liberalism.)

The attraction of a fully fledged basic income guarantee to me—was and is—that it would enable people who are content to live at a conventional subsistence scale to do so—on the grounds that a rich society can afford to have some people "opting out." Any work done to supplement this minimum would attract tax, initially at a specially high withdrawal rate, but eventually at no more than the basic rate.

The hippy, drop-out, work-shy, or merely low-productivity citizen would in effect be told: "The community is now rich enough to give you two choices: You can 'opt out' if you wish and you will receive an allowance which will be far from princely and well below the normal wage, but will allow you to live, and will also rise as the nation becomes richer; or you can work and go after larger material prizes."

If we are interested in issues such as capitalism with a human face—or non-collectivist socialism which learns the lessons of Thatcherism—some combination of property rights for all with a guaranteed minimum income is the way forward. That it does not try to be too profound and takes people as they are is a positive advantage.

JOE ROGALY

Editing the broadcasters

BRITISH television should be properly edited, by editors. Like all editors, they should be totally independent of their proprietor—especially when it is the British Government. The distinction is vital, especially at a time when the post-Hungerford cry for less violence (and sex and bad language) on television is so forceful. For it is public moods like the present one that pave the way for authoritarian legislation. Now I know that the word "authoritarian" *is much used, but the* instinct to tell us what we may and may not watch or hear runs strong.

The most shocking recent manifestation of this instinct came from the Prime Minister when she met the main broadcasting executives last week. It seems that she was concerned about the possible beaming down on Britain of foreign programes containing more sex and violence than our Government thought was good for us. How could this be stopped, given the likely proliferation of satellite based channels? One way, Mrs Thatcher is reported to have mused, might be to penalise advertisers who bought time in or near such programmes.

You have only to think for one moment of other possible ways of keeping the British ether pure to appreciate the enormity of the idea. Satellite television not to the British Government's taste could be jammed (perhaps on second-hand jamming equipment bought from the Soviet Union?) We could break off diplomatic relations with the country or countries of origin. Or perhaps we could shoot the offending satellite down. It beats me. How can the leader of a political party that proclaims the freedom of the individual as its paramount article of faith contemplate the censorship of outer space?

You may protest that no country can allow outsiders to broadcast objectionable material across its borders. But satellite time will, of course, be controlled by internationally agreed protocols. In negotiating such agreements, the Government would be right to do its best to ensure that objective editorial control was present inside the contracting companies; beyond that it has no business to interfere. Most advertisers are anyway likely to shun seriously undersirable programmes, as they would not want to identify their products with hard-core pornography or excessive violence.

We should even be slightly uneasy about this week's visit to the Home Office by the heads of the Independent Broadcasting Authority and the BBC. These distinguished gentlemen volunteered a reduction in the quantity of violent programmes and an increase in internal monitoring. It would have been far better if they had made such welcome statements of good intent to the public at large rather than to a Government minister.

This is not to say that there is no cause for concern about the quantity and degree of violence on television. Commonsense suggests that it is way overdone and should largely be edited out—even though there is no definitive proof anywhere in the extensive literature on the matter that gangster films and the like actually do cause imitative violence. But this *is* the job of responsible editors, not the great proprietor in Downing Street.

★

The reason why is plain. Once an editor is told to cut a rude word here or a stabbing there, the next step is to tell other editors the correct camera angles when focusing on, say, members of the Government. Perhaps so and so is known to the security services as a former Communist and should not appear. Maybe the correct "balance" is not being achieved in this politically significant play or that current affairs programme.

The theft of one of the great treasures of British broadcasting, its independence of government, would be all too easy. Some old broadcasting hands are saying that this is already taking place at the BBC, partly as a result of the appointment to senior posts of one or two people believed to be strong Thatcherites. If such appointees start putting out Government propaganda, the Board of Governors should sack them, or it would have failed in its duty to maintain objectivity. But it is only fair to give everyone a chance to prove that the corporation is as independent as ever. Meanwhile, the editors must be left to edit.

Letters to the Editor

Who owns whom

From Mr T. Rybczynski

Sir,—Lex (September 28) appears to advocate the abolition of any restrictions on mergers between depositary institutions and non-financial firms as well as other financial services enterprises.

His approach does not appear to distinguish between financial firms which accept deposits, those which offer other financial services and, above all, investment banking services, that is, underwriting, fund-management, and market-making, and non-financial firms. He also mentions that in Germany and France there are a number of conglomerates undertaking all these functions. While there are few firms of this type in these two countries (and other countries including the UK), they are relatively small and are an exception to the general rule that depositary institutions cannot be owned or controlled by non-financial companies.

There are powerful arguments against ownership or control of depositary institutions by non-financial firms although there is no case against purely financial conglomerates (universal banks) provided there is an adequate supervisory framework.

The case against non financial-cum-depositary institution conglomerates is now debated at length in the US. The main reasons are that such groupings involve risks of conflict of interest, breach of fiduciary duties and provide such conglomerates with safety net facilities.

These risks apply as much here as in the US, perhaps even more so in view of the importance of international companies and differences in supervisory approaches in various countries. While the debate on this subject in the US is helping to understand the issues involved, virtually no services work in this area seems to be undertaken here.

That this area deserves urgent study by those in the academic world and elsewhere is beyond doubt. Perhaps Lex's comment will provide the beginning.

T. M. Rybczynski.
Reform Club,
Pall Mall, SW1.

Education proposals

From Councillor J. Hegarty.

Sir,—One of the many disturbing aspects of the Government's education proposals is the infringement of democracy in its plans to allow inner London boroughs to take over the service from the Inner London Education Authority.

We inner London borough councillors have no mandate to run education. We put no education policy to voters when we were elected. ILEA members were elected on the same day. They have as clear a mandate to run education as is possible to obtain, no other service considerations being an issue at their election. Yet inner London borough councillors will be able to decide education policy for their areas without reference to their electorates, while ILEA members will have no say. There is not even to be a requirement on boroughs to consult voters, parents, students or teachers before taking on education.

In London the Government is much more interested in listening to Conservative council leaders than to the views of parents. Its claim to give more power to parents stands exposed as a sham.

(Councillor) Joe Hegarty.
Westminster City Hall,
Victoria Street, SW1.

Savings in Japan

From Mr D. McLaughlin.

Sir,—Martin Wolf (September 24) argues that if Japanese imports are too low, then Japanese exports are too low also. This point is drawn from a parallel with West Germany whose import propensity for manufactures is roughly double that of Japan. The trouble with this comparison is that it is based solely on manufactures. Japan's import propensity for raw materials and food is roughly double that of Germany (Japan has no coal and its net food imports are over twice as great). So the proportion of Japanese manufactured exports relative to total imports must be higher than Germany's.

It is also argued in the same article — and the argument is a familiar one in Washington *think tank circles — that if* Japan imported more manufactures it would, given its surplus of savings over investment, have to export more too. This is no doubt mathematically correct. But to take the savings surplus as the immutable cause of higher Japanese exports is also wrong, or rather tautological. The fact is that the savings surplus is the consequence of insufficient domestic consumption not the cause. Japan needs higher wages, better *distribution* and lower land and housing costs to reduce net savings, increase imports more than exports and also make life better for the Japanese.

It is perfectly legitimate to concentrate on this policy objective and no amount of poor logic, making wrong analogies and taking accountancy residuals as causes, will prove the opposite.

Diarmid McLaughlin.
Brookings Institution,
1775, Massachusetts Ave,
Washington DC, 20036.

Longer working day

From Mr A. Kidd

Sir,—Mr R. Clare's letter (September 26) nowhere mentions that there is a fundamental objection to tidal power — namely that it is not a renewable source of energy and its use has the sombre and indeed frightening effect of slowing down the world. Tidal power is only produced by cashing in on some of the primeval stored rotational energy of the spinning globe.

While the total amount of stored kinetic energy is enormous, it is finite and once used it is finished. The result of extracting some of this energy is to increase the tidal and other frictions which already are reducing the speed of rotation. Thus inexorably the day continually becomes longer — already since the time of Christ it is believed to be three seconds longer. Similarly the moon, which is thought once to have rotated, is now virtually stationary with respect to the earth due to "tidal" frictions in the outer rocky strata.

There are something like 250 possible tidal power sites in the UK alone and on a global basis the number is enormous. If a fair proportion of these were exploited, the effect would be to increase the length of the day by some six seconds every generation. This may not sound very much but on a forward historical basis the result could be devastating.

Since at least as much power, and possibly much more, could be obtained by effective use of wind power — a genuinely renewable source — I would deprecate any further use of tidal power whatsoever.

Archie W. Kidd.
Seend,
Melksham, Wilts.

VAT on the same base

From the Commercial Director, British Printing Industries Federation

Sir,—It might be possible to sympathise with Michael Welsh MEP (September 28) were the European Commission proposing merely that the VAT base be spread to cover items now zero rated. It is not. It is proposing both that all member states should charge VAT on the same base and that they should charge similar rates of either 4-9 per cent or 14-20 per cent on the same goods.

In the UK the proposals would mean a significant shift in the burden of taxation from direct tax to indirect tax. Once the change were adopted no Parliament could alter the balance back again, although it could raise indirect taxes to the upper limit.

Moreover, as I understand the proposals, the Commission intends to continue the regulation under which no VAT is levied on postal packets with a value of up to £6. Most periodicals and a high proportion of books fall beneath the limit so that publishers who now distribute by post would have an incentive to print and distribute from outside the Community. The potential loss of business for the British printing industry is not small. Last year it is estimated that 350m books, newspapers and periodicals were distributed by post to individual addresses in the UK. Were the whole market to be transferred overseas, printers could, on a conservative estimate, lose sales of £150m-£175m which is equivalent to 4,000-4,700 jobs.

This federation has no objection to the fact that the UK books and periodical printing industry is unprotected by tariffs against imports. We do, however, protest, we think with justice, against proposals which would give a tax advantage to our overseas competitors.

Shaun Leslie.
11, Bedford Row, WC1.

Abolish zero ratings

From Mr H. Scholes.

Sir, — Mr M. Welsh MEP (September 28) is absolutely right in arguing for a single rate of VAT, abolishing all zero ratings. This, as he points out, will remove anomalies, make for easier administration, and end hidden subsidies to those who do not need them.

But it cannot be done overnight. Increases in the price of food, fuel, transport etc will bear disproportionately on the poorer sections of the community, and will need to be offset by raising income tax thresholds and improving social benefits. The effects on the retail price index and inflation must also be considered.

This points to a carefully planned shift, replacing the zero rate initially by a low rate and raising it in stages over a period of years, with simultaneous adjustments elsewhere in the tax and social security system. Whether the standard rate of VAT should be reduced below the present 15 per cent is another matter; there is also a case for retaining it and cutting income tax.

Hubert Scholes.
5a Lancaster Avenue,
Farnham, Surrey.

FINANCIAL TIMES
Thursday October 1 1987

Roger Matthews sees labour problems ahead as Singapore's recovery gains pace

Lee's experiments work too well

SINGAPORE has a problem rarely experienced elsewhere in the world: the policies of its Government sometimes prove too successful.

Take population, for instance. Singapore used to have a "population problem." The Government of Prime Minister Lee Kuan Yew tackled it. The result is that now, "if we do nothing, the consequences for the economy, for defence and for the survival of Singapore are all calamitous," according to a senior minister.

The population is no longer replacing itself and the fertility rate has declined to a level rivalling that of West Germany.

However, there should not be too much cause for alarm, because the minister also pledged: "we are not going to sit passively watching ourselves become extinct." A new population policy is in hand.

A couple of years ago, Singapore also had an economic problem. In 1985, for the first time since independence, the economy contracted.

The Government responded with characteristic vigour. Brigadier Lee Hsien Loong, the Prime Minister's son and a strong contender to succeed him (on merit), was placed in charge of a task force to analyse the problems and come up with solutions. Employers' costs were reduced sharply, a wages standstill was enforced, multinational companies were offered additional incentives and public works were stepped up to assist the hard-hit construction industry.

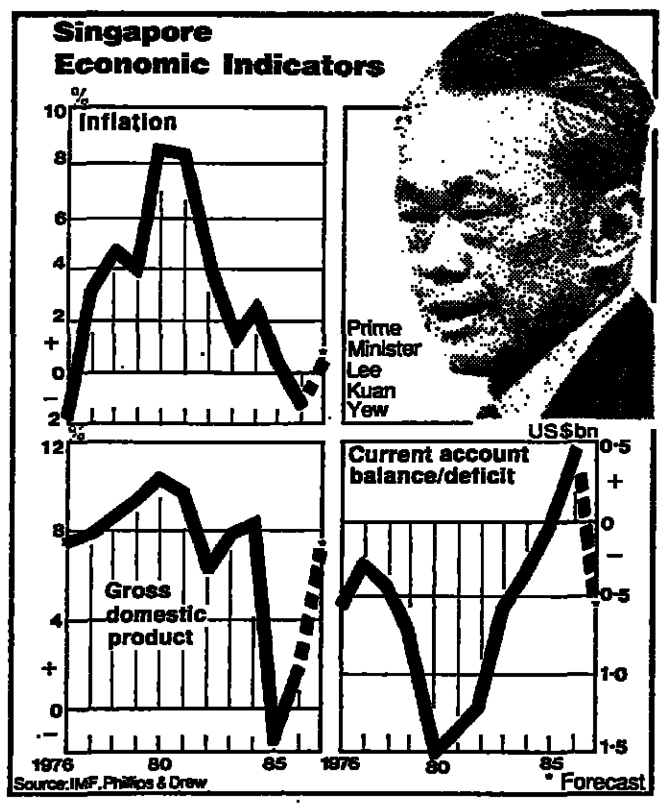
By the second half of 1986, the economy was growing again and this year looks set to achieve 7 per cent growth, perhaps more. The new economic policy has worked.

But, like the population policy, might it have been too successful too quickly? Singapore's compact size and disciplined population make it an ideal laboratory for experiment and implementation. While ministers in the West, such as Mr Nigel Lawson, the British Chancellor, may in general terms discuss the desirability of greater wage flexibility, in Singapore it has quickly become a central plank of official policy.

Stung by the recession and the impact of losing 120,000 jobs in two years (almost equal to the total number of government employees), a special committee set out to examine how the economy could be made more responsive to recession.

One of its main answers was wage flexibility. From 1979 to 1984 wages increased 40 per cent, with productivity lagging well behind. As a result, Singapore's competitive position was eroded by 50 per cent against Hong Kong, 35 per cent against South Korea and 15 per cent against Taiwan.

In part, this was again the result of official policy, which had planned for nominal wage increases of 20 per cent a year between 1979 and 1981 in order to escape from what was then described as "an anomalous situation of a tight labour market co-existing with low wages." But the momentum built up in those three years proved difficult to check. Expectations continued at a high level and company profitability declined.



Source: IMF, Phillips & Drew

Recession, unemployment and a wages freeze rapidly put a damper on expectations and helped provide what Mr Lawrence Mah, executive director of the National Employers' Federation, describes as a unique opportunity to make the country's wage system more responsive to economic conditions.

"This is going to be an exciting phase in our industrial relations because we are going to build into the system a fallback position which should mean far greater job security for everyone," he said.

The Government's target is for 20 per cent of wages to be variable and for fixed annual increases to be kept to a minimum. There are no hard and fast rules and it is accepted that companies will have to adopt whichever system best suits their individual circumstances. But, judging from the frequency and emphasis of ministerial speeches, there is no doubt of the Government's determination for it to be implemented.

Several hundred companies have already introduced new schemes, or are planning to do so. They vary greatly, ranging from relatively simple bonus schemes to more sophisticated structures tied to the performance of both company and individual.

However, the success the Government has had in getting the economy moving again is beginning to pose its own problems. As the recovery becomes more broadly based, the demand for labour is picking up rapidly. This is particularly evident in the electrical and electronics sectors, where competition for skilled, experienced labour is becoming intense.

"I am extremely sympathetic in general terms to what the Government is trying to achieve," said the managing director of a local company. "But I have also to be realistic about my own company. I am recruiting at the moment and I have to be competitive both in terms of present and anticipated pay. Frankly, offering staff the prospect of extra cash at the year-end puts me at a disadvantage to others who are offering them the cash immediately."

Unemployment has already dropped to less than 4.5 per cent this year, suggesting to some private-sector companies that the labour market will become increasingly tight in the coming months.

The projected rate of increase in the Singapore work force shows a steady decline during the rest of this century, and the Government has been warned that this could seriously limit future increases in gross domestic product.

To help compensate for this, the Government would like to increase the level of female participation from its present level of about 46 per cent to 50 per cent by 1995. As the economic committee looking at new directions for the economy pointed out: "The issue is whether families, in particular working wives, can reconcile their home and work responsibilities."

In other words, are the women of Singapore equal to the challenge of producing more babies and going out to work? If they are not, flexible wage schemes are not going to matter.

Belgium's motorway tax plan more than a vignette

By Tim Dickson in Brussels

US ASTRONAUTS have frequently pinpointed Belgium by the fact that its motorway system (alone among European nations) is illuminated at night. But this dense network of autoroutes criss-crossing the country has recently been the object of considerably less flattering attention.

The Belgian Government's announcement that it intends to introduce a *vignette* charge of BFr750 (about $20) for private cars and BFr1,500 for lorries and buses using its motorways has inspired a powerful outcry from its European Community partners, members of the European Parliament and road transport groups both inside and beyond Belgian's borders.

The implications go well beyond the annoyance and inconvenience which such a measure would doubtless cause the hapless holidaymaker disembarking from a English Channel port.

European Commission officials, as yet unaware of the full details, have muttered privately that such a charge could be discriminatory and thus liable to a challenge in the European Court, and the possibility of retaliation elsewhere could have implications for Belgian industry. But, above all, the plan is being seen in Brussels as a potential setback for the Community's attempt to create a barrier-free internal market by 1992.

This is not just because it would be a border control in itself (the initial announcement said that the *vignette* would be collected by Belgian customs) but because it may complicate discussions which are already taking place among the Community's member countries about removing fiscal barriers in road transport, such as fuel taxes, vehicle taxes and tolls.

The main motivation for the plan lies in Belgium's financial situation. As key ministers struggled over the summer to find ways of cutting public spending and discover new sources of revenue, the *vignette* option was put forward by Finance Minister Mr Mark Eyskens and subsequently agreed by his colleagues. Many, however, have since pointed out that the relatively modest Bfr3bn which it is expected to raise is somewhat out of proportion to the political fuss.

Belgium, which is at the hub of four other Western European countries, prides itself on its motorway system which, apart from being the best-lit, is also one of the best-maintained in the Community.

The roads were developed in the 1960s and 1970s, partly with an eye to attracting foreign investment and partly because Belgium's regional politics have dictated that money spent on a project in Flemish-speaking north of the country must also be allocated for a similar purpose in the French-speaking south.

The Finance Ministry, however, is understood to be reconsidering its proposal but almost certainly only to head off criticism that it would be discriminatory. The Government argues that a recent increase in local road tax was in any case intended to finance the motorway system, but a solution being examined is to reduce this tax and then make up the difference by simply charging Belgian motorists direct for the *vignette*.

One complication is the extra administrative workload which this might entail. Another is the rumoured differences of opinion betweeen the Finance Ministry, Mr Herman de Croo's Ministry of Communications and External Commerce (responsible for transport) and Belgium's Permanent Representation to the Community.

West Germany (categorically) and the Netherlands (less emphatically) appear to have rejected retaliation against Belgian drivers but have indicated that they would bring a case in the European Court. What is worrying Community officials more, however, is that West Germany's reluctance to accept some of its proposals on the liberalisation of road transport could be reinforced by a Belgian *vignette*.

THE LEX COLUMN

Predators turn on Wall St

It is, perhaps, a little cheeky of Mr Nigel Lawson to put forward the idea of a kind of worldwide EMS when the UK has not even joined the existing one. And the proposal may not go down too well with currency traders, already suffering every time central banks intervene. At least they have the prospect of knowing what the target bands are, instead of dealing in the dark.

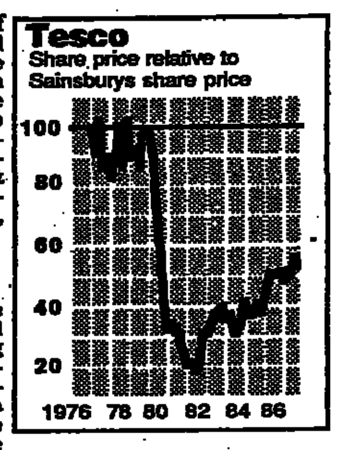
Wall St brokers

The recent spate of stake building, takeover activity and general rumour-mongering which has dominated the London financial community in recent months appears to have spilled across the Atlantic. The Bank of New York's hostile $1.4bn bid for Irving Bank has broken all sorts of precedents and has been followed by a spate of deals in the investment banking community which has underlined the fact that even the biggest firms are fair game for the corporate predators. No sooner had Salomon recruited the canny Mr Warren Buffett as a major shareholder this week, when up popped Mr Ronald Perelman, the Revlon cosmetics chieftain, and began making some decidedly hostile overtures to the firm. Yesterday Shearson Lehman sold its investment in a Canadian brokerage firm, only months after it increased its stake, and Jardine emerged as the biggest shareholder in Bear Stearns.

Despite the boom in US financial markets, the brokerage community has been under a cloud for several months. Unexpectedly large trading losses and the costs of following the global markets have been reflected in share prices which have chronically underperformed the market. This has not gone unnoticed by the corporate predators. However, whilst Salomon's recent actions probably reflect its concern to ensure its continued independence, Bear Stearns's move is from a position of strength. It has been slower than most to go global, and the Jardine connections in the Far east should help remedy this deficiency.

S & N/Matthew Brown

In more ways than one, Scottish & Newcastle's latest bid for Matthew Brown is shrewdly pitched. It was a neat dodge to launch it on the last day of Matthew Brown's financial year - rather late to dress up the past year's figures, and awkwardly early to make a firm forecast for the next. If yesterday's closing prices are a guide, the market regards the deal as done. At 780p, Matthew Brown stands just 3p below the value of the share offer.



Though independence seems a lost cause, the Matthew Brown board could reasonably hold out for better terms - the 16 for 5 offered last time, say, instead of the latest three for one. They could argue that the historic multiple of 35 being offered in the Buckley's Brewery bid makes S & N's 27 times offer look mean. But S & N's 29.7 per cent stake gives it formidable leverage.

The commercial defence will presumably lean on the claimed irrelevance of S & N's experience in brewing to the premium brands in the Matthew Brown portfolio. But the counter-argument, that Matthew Brown's investment in Spanish timeshares shows a loss of faith in brewing, has a certain force. At £12.5m, the investment in Langdale is scarcely below the supposedly heavy capital investment in brewing in the year just ended.

Tesco

The transformation of Tesco has been apparent both to its customers and the stock market for some time. Interim profits up 38.5 per cent to £90.6m, though better than forecast, were just confirmation of the story, and the shares added only 3p to 196p. Yet Tesco has by no means run out of scope for catching up on Sainsbury, the obvious comparison. Arguably, Tesco's higher proportion of non-foods should enable it to beat Sainsbury's return on sales.

Tesco has certainly proved its ability to emulate Sainsbury's success. Further operating efficiencies can be made, while even more higher margin lines are being introduced. The new style stores are making much better returns than the old and Tesco has a rapid opening programme. The Hillards acquisition is looking more cheap as time goes on - all 800,000 square feet of Hillards' selling space is now under the Tesco banner while the closure of the head office and the warehouse will mean good savings. The only concern is Tesco's hunger for cash during its expansion - with gearing heading for 30 per cent by the year end - though capitalising interest on development costs keeps much of the problem out of the profit and loss account in the short-term. A multiple for this year of 20, falling to, say, 16.5 next year, is also at a discount to Sainsbury - another gap which should narrow.

Rolls-Royce

The surprisingly high foreign over-run in Rolls-Royce stock could already have been partly corrected, and will certainly go no further. It is likely, nonetheless, to extend the technical overhang until the end of the year. Regardless of the rights and wrongs of the 15 per cent limit, it ought to have been possible for all those clever chaps in the securities markets to manage matters better than this. The foreign and especially Japanese investors who now face a loss-making forced sale have certainly been poorly advised; though those advisers could, reasonably enough, lay part of the blame on tardy settlement and the lack of an institutionalised early warning system on foreign stock flow.

The urgent need now is for an orderly acquisition of the forced sales to prevent a long price-depressing dribble. Hoare Govett, the Rolls brokers, are no doubt working on some such plan, and given how the analysts have been uniformly recommending buying on technical weakness they may even face some competition. If foreign interest survives this little difficulty, within-account trading or playing the options market might suddenly become popular; and there may even be demand for a closed market in foreign-registered stock. But the only real beneficiary is likely to be the campaign to replace the crude 15 per cent ceiling with a golden share or even just the MMC.

Pakistanis accused over clash

Continued from Page 1

because, according to Indian sources, it involved an attack for the first time on the glacier by a full Pakistani battalion of 1,000-1,200 men.

Armed clashes frequently erupt along the 1,800km border between Pakistan and India, which stretches from Kashmir in the north, through Punjab, to the desert areas of Rajasthan and Sind in the south. More than 200,000 troops were massed on both sides of the Punjab and Rajasthan borders early this year, but past battles on the Siachen glacier have been limited to platoons.

Foreign diplomats yesterday believed that India was exaggerating the size of the Siachen battle in order to generate anti-Pakistan feeling at a time when Mr Rajiv Gandhi, the Indian Prime Minister, is facing domestic political problems. India is also angry that Pakistan raised the question of the disputed Kashmir region in the United Nations last week.

However, Indian diplomats alleged that President Zia ul-Haq of Pakistan, a career general and army chief of staff, launched what was an unusually large battalion-sized attack because he has been nettled by accusations made by Miss Benazir Bhutto, leader of Pakistan's main opposition party. She has said Pakistan's loss of the Siachen in the past three years proves President Zia is a "poor general as well as a poor president."

Ceasefire lines and lines of control have been demarcated at various times in the past 40 years between India and Pakistan for the disputed territory of Kashmir. But the line along the glacier is not demarcated, and in the 1970s Pakistan gradually established a hold. India later gained control of high ridges there.

Fiji coup leader retreats from proposal to declare a republic

BY CHRIS SHERWELL IN SUVA AND ROBIN PAULEY IN LONDON

THE military leader of Fiji's coup, under mounting international and economic pressure, appeared yesterday to be looking for a political way out and admitted that plans for the declaration of a republic are currently suspended.

Rumour and confusion swept the South Pacific island archipelago after Col Sitiveni Rabuka met the three key figures who could jointly or severally provide a potent focus of opposition to his plans. Unconfirmed reports in New Zealand said there was mounting resistance by both Indian and Melanesian citizens to the coup and some dissent among army officers. The coup leaders dismissed the reports as "hogwash."

In a day of behind-the-scenes manoeuvres, Col Rabuka released Dr Timoci Bavadra, the former Prime Minister detained since last Friday's coup, and then entered an extraordinary session of four-cornered talks.

Last night's unexpected twist followed a powerful statement by Queen Elizabeth from Buckingham Palace saying that anyone who sought to remove the governor-general from office "would, in effect, be repudiating his allegiance and loyalty to the Queen."

Apart from Dr Bavadra, those attending his "summit" were Ratu Sir Penaia Ganilau, the Governor-General, and Ratu Sir Kamisese Mara, Prime Minister from 1970 until April this year when Dr Bavadra's Federation-Labour party won the general election, giving the Indian community a share in political control for the first time. Both Ratu Mara and Ratu Ganilau have turned down offers to be the first president of a republic.

"We may not have to have a president," said Col Rabuka cryptically after yesterday's meeting.

Rare royal warning may tip balance

BY ANDREW BOLGER IN LONDON

RESPONSIBILITY WITHOUT power seems to sum up the position of Queen Elizabeth as she confronts the continuing constitutional crisis in Fiji.

The Queen is head of state under Fiji's independence constitution of 1970. This maintains a link which began in 1874, when Fiji's chiefs ceded the islands to Queen Victoria.

Fiji is one of 18 independent Commonwealth states for which the Queen is head of state but over which the British Government and its departments have no authority. The British Foreign Office stressed that the Queen was acting independently when on Tuesday she warned leaders of the islands' second coup in five months against repudiating their "allegiance and loyalty" to the Crown.

By declaring a republic, Fiji would automatically exclude itself from the Commonwealth.

Buckingham Palace refuses to discuss who is advising the Queen, although she is bound to be receiving guidance from Sir Geoffrey Howe, the British Foreign Secretary. The Queen's private secretary, Sir William Heseltine, will also have been keeping in close contact in London with Sir Shridath Ramphal, Secretary-General of the Commonwealth and, through him, with the organisation's 46 other members.

The Queen can also turn for advice to the Privy Council, a collection of elder statesmen which includes prime ministers, politicians and senior political figures from countries neighbouring Fiji such as Australia, New Zealand and Papua-New Guinea.

By far the most important agent of the Queen in the unfolding drama is, however, her Governor-General on the islands, Ratu Sir Penaia Ganilau. It was to warn anyone against removing her Governor-General that the Queen made her rare personal intervention this week.

The first coup in May by Col Sitivenie Rabuka, Fiji's new military ruler, was firmly opposed by the Governor-General. He is a personal friend of the Queen and they exhanged messages during the crisis. In an important tactical move last May, Ratu Ganilau revealed the contents of one of these messages:

"The Queen wishes you to know how much she admires your stand as her personal representative in Fiji and the guardian of her constitution. Her Majesty is following developments with the closest attention and hopes that you will keep us in touch. We are here to help in any way we can."

Chief Justice Sir Timoci Tuivaga said this week: "The Governor-General is in charge in law but Rabuka is in charge in fact."

That many islanders have considerable respect and affection for the Queen is well established. Whether this is enough to tip the balance in the current collision between legitimacy and might remains to be seen.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	26	79	Dubrovnik	F	19	66	Malta	S	30	86	Rhodes	S	28	82
Algiers	C	24	75	Edinburgh	F	13	55	Manchester	C	13	55	Rio de J'o	-	-	-
Amsterdam	S	14	57	Faro	S	26	79	Manila	-	-	-	Rome	F	23	73
Athens	F	27	81	Florence	S	20	68	Melbourne	C	13	55	Salzburg	S	12	54
Bahrain	S	35	95	Frankfurt	S	13	55	Mexico City	-	-	-	San Francisco	S	13	55
Bangkok	S	36	97	Funchal	S	24	75	Miami	F	25	77	Seoul	S	25	77
Barcelona	F	24	75	Geneva	F	12	54	Milan	S	16	61	Singapore	TH	31	88
Beirut	C	23	73	Gibraltar	S	26	79	Montreal	C	13	55	Stockholm	S	11	52
Belfast	F	14	57	Glasgow	C	13	55	Moscow	C	8	46	Strasbourg	S	14	57
Belgrade	F	14	57	Guernsey	S	13	55	Munich	S	11	52	Sydney	C	16	61
Berlin	C	12	54	Helsinki	S	11	52	Nairobi	F	27	81	Taipei	-	-	-
Biarritz	S	21	70	H. Kong	R	26	79	Naples	S	23	73	Tangier	F	27	81
Bombay	S	33	91	Innsbruck	S	13	55	Nassau	-	-	-	Tel Aviv	S	30	86
Bordeaux	S	20	68	Inverness	F	13	55	New Delhi	S	34	93	Tenerife	F	27	81
Brussels	S	14	57	Islamabad	-	-	-	New York	C	18	64	Tokyo	C	21	70
Budapest	F	14	57	Istanbul	F	18	64	Nice	S	23	73	Toronto	F	13	55
B. Aires	C	15	59	Jakarta	-	-	-	Nicosia	-	-	-	Tunis	S	26	79
Cairo	S	33	91	Jersey	S	15	59	Oporto	C	20	68	Valencia	C	25	77
Cape Town	F	17	63	Jo'burg	S	29	84	Oslo	S	12	54	Venice	F	15	59
Caracas	C	27	81	Lima	-	-	-	Paris	S	14	57	Vienna	F	12	54
Casablanca	F	26	79	Lisbon	F	25	77	Peking	S	25	77	Warsaw	F	11	52
Chicago	S	10	50	London	C	15	59	Prague	C	11	52	Washington	C	19	66
Cologne	S	13	55	Los Angeles	S	19	66	Reykjavik	F	10	50	Zurich	S	11	52
Copenhagen	C	12	54	Luxembourg	S	12	54								
Corfu	R	20	68	Madrid	F	25	77								
Dallas	S	13	55	Majorca	F	26	79								
Dublin	R	13	55	Malaga	S	31	88								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Lawson urges currency rate plan

Continued from Page 1

desbank president, reaffirmed his stance yesterday that the key objective of monetary policy must remain the defeat of inflation rather than management of exchange rates.

Mr Lawson, however, said that the recent experience should not be seen as a temporary phase. "Our objectives should be clear: to maintain the maximum stability of key exchange rates, and to manage any changes that may be necessary in an orderly way."

Managed floating, he said, could be underpinned by a broad policy framework for the Group of Seven - the US, Japan, West Germany, France, Britain, Canada and Italy.

This policy framework would involve the development of economic performance indicators for the group as a whole to ensure that their was no persistent inflationary or deflationary bias in their overall policy stance. The indicators would be mainly financial, but special attention would be paid to the trend of world comodity prices.

Goverments could also agree a nominal framework for policy, in terms of either a path for the growth of output or for the average inflation rate.

Mr Lawson said that it would not be essential for Britain to become a full member of the European Monetary System for the new regime of managed rates to operate. He added, however, that the Government's position was that at some point sterling would be taken into the exchange rate mechanism.

Mr Baker said that the commodity price indicator that he was suggesting would operate as "an analytical tool." It could be used along with other measures of economic performance - such as growth, external imbalances, and exchange rates - in reaching judgements about policies and performance.

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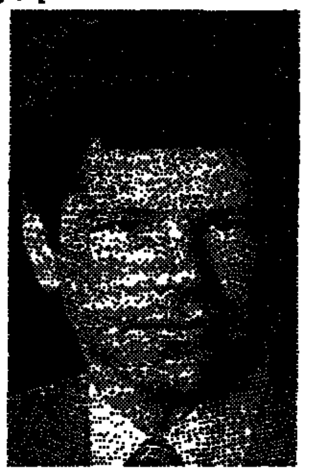
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

INTERNATIONAL APPOINTMENTS

Oerlikon-Bührle elects chief operating officer

BY OUR FINANCIAL STAFF

MR MICHAEL FUNK, 45, has been appointed president and chief operating officer of Oerlikon-Bührle Holding, the Swiss military products to aircraft, machine tools and textiles group.



MR MICHAEL FUNK: to take on the post of chief operating officer of Oerlikon-Bührle next year, and emerging as the eventual executive head

His appointment comes as Mr D Bührle has announced his intention to retire from the position of chief executive in mid-1988, with the view of putting executive control into the hands of a younger man.

Mr Funk is at present manager of Oerlikon-Bührle Holding, and head of the military products division.

Mr Bührle has suggested that Mr Funk will take on the executive management of the group.

Associated changes in the management of the company are to be made later.

* * *

NORFOLK SOUTHERN Corporation, the Virginia-based, railroad-based concer, has elected eight officers to management positions.

Mr Joseph R. Neikirk, formerly vice president, personnel and labour relations, becomes executive vice president, administration, succeeding Mr John L. Jones, who retired on September 1. Mr Thomas C. Sheller, formerly senior assistant vice president, labour relations, succeeds Mr Neikirk as vice president, personnel and labour relations.

Mr Donald W. Mayberry, previously assistant vice president and chief mechanical officer, becomes vice president, mechanical. He takes over the duties of Mr Hobart L. Scott, senior vice president and chief mechanical officer, who retires today.

Mr Robert W. Coffey, formerly assistant vice president, sales, was elected vice president, sales, succeeding Mr Samuel D. Guy who retired on September 1. Mr William E. Voltz, formerly assistant vice president, market development, becomes vice president, marketing, succeeding Mr Edward G. Kreyling who also retired on September 1.

Mr Paul R. Rudder, formerly vice president, transportation for Southern Railway, becomes vice president, engineering, succeeding Mr Walter W. Simpson, who retired on September 1 as senior vice president and chief engineer.

Mr Charles M. Irvin, previously vice president, transportation, for Norfolk and Western Railway, is to be vice president, transportation, systemwide for Norfolk Southern.

In a realignment of responsibilities, Mr Robert E. L. DeButts was elected vice president, corporate development and real estate, reporting to the chairman and chief executive, Mr Arnold B. McKinnon. Previously, Mr DeButts was vice president, industrial development and real estate.

* * *

FEDERAL-MOGUL, the Michigan producer of engine bearings and other things has elected Mr John C. Pope as a board member.

Mr John C. Pope is senior vice president, finance and treasurer of AMR Corporation and American Airlines. He has served as a vice president of American Airlines since 1980 and a senior vice president since 1983. He has been with the airline since 1977 when he joined the finance department from General Motors as an assistant treasurer.

Controller post switch at Time

TIME INC the diversified media company has elected Mr Tommy J. Harris an assistant controller with effect from October 26.

Mr Harris, 40, has been vice president and controller of American Television and Communications Corporation since December 1984. ATC, a Denver-based cable television company, is 82 per cent owned by Time Inc.

Mr Harris worked for Price Waterhouse & Co., the international accountants, for 13 years, rising to senior manager, before joining ATC in 1983 as an assistant controller.

He is chairman of the accounting committee of the National Cable Television Association.

* * *

MIPS COMPUTER Systems has announced that Mr William D. Jobe has joined the company as executive vice president of sales, marketing and service. Mr Jobe will report to Mr Robert C. Miller, MIPS' chairman and chief executive. He will have worldwide responsibility for all sales, marketing and service, including systems engineering.

Phillips & Drew

A NUMBER of members of the WICO research staff in Tokyo left last year to join Swiss Bank Corporation—not Phillips & Drew, the subsidiary of Union Bank of Switzerland, as reported in these columns last week.

Saatchi and Saatchi picks new head of communications

SAATCHI AND SAATCHI CO PLC has appointed Mr Victor Millar chairman and chief executive of its communications division, reports Reuter from New York.

Mr Millar, who also heads Saatchi's consulting division, takes over from Mr Anthony Simonds-Gooding who has resigned to join British Satellite Broadcasting.

The communications and consulting divisions, it is said, are to remain operationally separate.

THE RIGGS NATIONAL Bank of Washington, DC, has announced the promotions of Mr David Lesser and Mr Donald A. Saccardi, and the appointment of Mr Robert J. Woodbridge to the bank's executive staff.

Mr Lesser, 32, has been promoted to general counsel for Riggs National Corporation, which owns Riggs Bank, and of The Riggs National Bank. He joned Riggs in 1984 as vice president and associate general counsel, and was recently promoted to senior vice president and deputy general counsel. Previously, he had worked, from 1980 to 1984, in the Washington office of the New York law firm of Sullivan and Cromwell.

Union Pacific selects a chief executive

UNION PACIFIC CORPORATION, the US railroad company which has diversified into natural resources, has appointed Mr Drew Lewis, the former Secretary of Transportation, as chairman and chief executive, with effect today.

Mr Lewis succeeds Mr William S. Cook, who is to retire at the corporation's mandatory retirement age of 65. Mr Cook will continue as a member of the board and as chairman of its executive committee.

THE CHICAGO Board Options Exchange has appointed Ms Bonnie S. Greenberg director of public relations. She takes responsibility for overseeing the CBOE's media relations and promoting the exchange to external audiences.

Ms Greenberg moves to the CBOE from the Chicago Board of Trade.

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This is a very challenging opportunity for a qualified accountant, probably in his/her late 20s, who is eager to take on greater responsibility and be an agent for change. In addition to good technical and strong managerial skills, the successful candidate will have prior commercial experience, preferably in a sales driven environment. He/she will also require good presentation and influencing skills, with a mature, well balanced approach to work, and the potential for further career development.

Please reply in confidence, giving concise career, personal and salary details to:
Sarah Orwin, Ref. ER947, Arthur Young Corporate Resourcing, Citadel House, 5-11 Fetter Lane, London EC4A 1DH

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Please write enclosing a CV to:-
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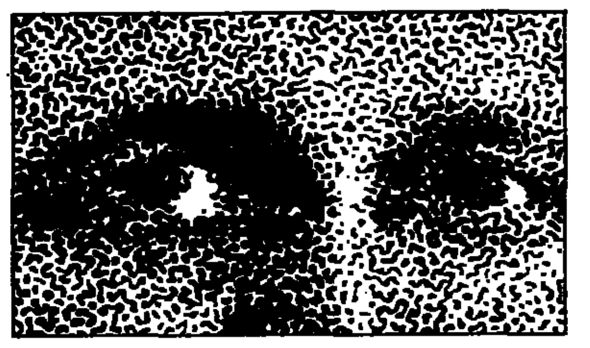
To service this market we have established fully integrated industry teams in the major financial capitals of the world. As part of the London operation you will be involved in advising clients on the international tax implications of their operations including global trading, new financial products such as futures and options, remuneration planning and mitigation of VAT expense.

You'll benefit from our extensive training programme, an initial salary package of at least £30,000 plus a choice of company car and the chance to gain experience in this exciting business sector.



We'll also improve your career prospects, giving a real opportunity for advancement to partnership in our rapidly growing practice.

These are influential positions, servicing your own group of clients. What's more, the majority of your work will be tax and business consulting providing interest and continuous intellectual challenge.

We believe that the opportunities in tax with Arthur Andersen are exceptional.

Why not see for yourself by spending time with us, talking to a cross section of our team.

To take the first step, contact Richard Gould (Tax Personnel), Arthur Andersen & Co., 1 Surrey Street, London WC2R 2PS, or call him on 01-438 3478.

ARTHUR ANDERSEN & CO.

FINANCIAL CONTROLLER

West London **c. £22k + car/package**

Our client is a successful and rapidly growing supplier of consumer products for duty-free in-flight sales to major international airlines, with an anticipated turnover in 1987 of £18m.

A commercially minded chartered accountant is required to take total responsibility for the day-to-day accounting function, reporting directly to the General Manager in the UK and periodically to the President in the United States.

The initial key purpose of this appointment is to set up the computerised financial and management accounting and reporting systems required as a result of the international *purchasing operation, valued at £8m, being transferred from the* USA to the UK.

Candidates must be fully qualified, demonstrating strong financial and management accounting experience with expertise in implementing systems using micro computers, and preferably some previous involvement in multi-currency accounting.

Career development prospects are excellent in this profitable and expanding company, with the opportunity to play a major role in achieving corporate objectives. Applications are invited from candidates with drive, initiative and strong interpersonal skills for this exciting and rewarding appointment.

Please apply with full career details to:
Stephen Mawditt, Managing Director,
Senior Management International

SEARCH & SELECTION DIVISION InterExec SMI

Human Resource Management Consultants
Landseer House 19 Charing Cross Road, London WC2H 0ES

Talented Retail Accountants

TEXAS HOMECARE

The Client

Texas Homecare, with its Head Office based in Northamptonshire, is a major subsidiary of the Ladbroke Group PLC. It is a dominant force in the D.I.Y. market operating in excess of 150 stores throughout the U.K. Planned growth and internal promotions have necessitated the recruitment of talented, ambitious, commercially-*minded Accountants to fulfill the following important roles within the Management Team.*

Regional Finance Manager	**c£19,000 + Car + Benefits**
Management Accountant	**c£17,500 + Car + Benefits**
Financial Analyst	**c£16,000 + Car + Benefits**

The emphasis on each position is commercial involvement within the business by not merely producing the information but by *its interpretation and communication to non-finance professional managers.*

The Applicants

Ideally aged 25-34 preferably with a professional Accounting, or indeed, MBA qualification. Applicants must be able to demonstrate a record of achievement, possess good communicative skills and commercial flair.

Experience of working within a retailing or service business would be advantageous.

The Rewards

The salary packages on offer (including relocation expenses where necessary) show the commitment to attract exceptional candidates who have the ability to further develop within this progressive organisation.

Interested? Contact Andy Farr on 021-233 4450 (office hours) 021-474 4346 (evenings and weekends). Alternatively write enclosing a comprehensive C.V. to the address below.

Nicholas Andrews
Specialists in Financial Recruitment

*Freepost,
Herbert House,
71 Cornwall Street,
Birmingham B3 2BR.
Telephone: 021-233 4450*

Financial Analyst/Planner

"WHAT WOULD HAPPEN IF...?"

£19,000 including allowance + benefits

We are looking for someone with the analytical and planning expertise to provide the answer to such questions, thereby helping to achieve our planned growth of more than 800% over the next 5 years.

Abbey National Estate Agency is the latest example of Abbey National's commitment to explore and expand into new business areas which have a natural affinity with our traditional financial activities. Our network of tied agents is expected to grow to 1200 by the early 1990s and turnover is doubling annually. Obviously, strong financial management is essential.

Your job will be to provide the information and guidance needed to meet our business and financial objectives. Specifically, you will prepare, develop and operate the financial models required to plan and forecast all aspects of the company's financial performance, including budgets, 5-Year Plans, and Pricing Policies. *In practice, you will be providing* possible outcomes and solutions to hypothetical "what if" problems.

Although you do not necessarily need to be a qualified Accountant you are likely to be studying for a relevant qualification. You must have a sound training in budgeting and financial planning, and be able to demonstrate an understanding of how a business operates. You must be extremely computer literate, showing considerable expertise in the use of personal mini-computers and purchased software.

Based in our Baker Street office, we offer an attractive salary together with an excellent range of benefits which include pension scheme, profit share scheme, subsidised BUPA and relocation assistance where appropriate.

Please send full career and salary details to Graham Goold, Manager — Personnel Services, Abbey National Estate Agency Limited, Abbey House, Baker Street, London NW1 6XL.

The closing date for applications, which are invited from all sections of the community, is 19 October 1987.

ABBEY NATIONAL
ESTATE AGENCY LIMITED

TAXATION MANAGER

Group Plc Role With Fast Growing International Company

Age 28+ **Package to c.£30,000 + Car**

A unique opportunity exists for a high calibre tax professional to join a fast growing and profitable UK Plc.

Our client, operating in the travel and service sector throughout Europe, has achieved excellent results over the last few years. Under the direction of a very able and dynamic management team, the company is looking to grow rapidly through acquisitions and other means.

As a member of a small corporate team, you will report to the Director of Taxation and your responsibilities will include research and recommendations relating to corporate structuring, acquisitions and disposals, and VAT planning.

You will be a graduate qualified accountant with a minimum of 5 years previous tax experience, during which time some international exposure will have been gained. In addition to technical expertise, you will have well developed communication skills in order to deal with company treasury specialists and other advisors both internal and external to the company. You will have a practical and commercial mind and be able to grapple and resolve complex problems. Some international travel will be required.

The position, based in Berkshire, is easily accessible to Central or West London and offers a generous salary and bonus. In addition to an executive car other attractive benefits include private health care and non-contributory pension plan.

Interested individuals should write to Peter Flamminger, Director, enclosing a resume and current salary details, or telephone him at: Financial Management Selection, 21 Cork Street, London W1X 1HB (Tel: 01-439 6911)

Financial Management Selection

Specialist Search and Selection Consultants

FINANCIAL CONSULTANT TO THE CHIEF EXECUTIVE

Age: 30-45 **Salary: c£35,000 + benefits**

Our client is a major publicly quoted financial services group with an expanding portfolio of business. The Chief Executive wishes to appoint a Senior Manager reporting directly to him, responsible for a team monitoring and advising on internal operations and financial systems as well as regulating compliance with the new legislation governing the financial services industry.

Ideally you will be a chartered accountant with direct experience of the personal insurance and financial services area, with an ability to manage small multi-disciplinary teams. Reporting at the highest levels you will command a position of influence and significance on wide areas of the group's activities. This is a position of trust and responsibility and only those with a high level of integrity and professionalism should apply.

Candidates should write in the first instance to me, Robin Witheridge, consultant to the group, enclosing a curriculum vitae. All applications will be treated in the strictest confidence and your details will not go forward until you have been fully briefed and have given your consent.

Robin Witheridge
Mervyn Hughes International Limited
63 Mansell Street, London E1 8AN.

FINANCE MANAGER

New Company – New Technology Launch

Salary + Bonus + Share Options

A new, substantially funded company, based in West London, has just been founded to exploit in Europe some new industrial process technology, well proven overseas, in a large but fragmented marketplace.

The initial sales, marketing and technical team is already in place and enough progress has already been made in the market to demand a full-time finance executive to support it.

The new finance manager will be required to control the new operation, look after its cash and do its books - but, whilst ensuring that these matters are tackled in the most sophisticated way, he or she can also look forward to the prospect of supporting the Chief Executive in the acquisitions in the UK (and later in France and Germany) which are part of the company's growth strategy. There is every opportunity to grow with the company.

The man or woman recruited will be professionally qualified, unlikely to be much over 30, experienced in the audit and controllers function and with a good knowledge of treasury and corporate finance. An ability to speak French would be a great advantage - and an international outlook at least is vital.

The Company's view of remuneration is that it should be heavily centred on results. Base salary therefore is unlikely to be more than £20,000 plus a car and medical insurance, but substantial share options are available, plus a performance-related bonus. Relocation expenses if necessary, will be met.

Please send a brief c.v. quoting ref 402 to..........
T. L. Roberts, Director, Associates in Advertising, Columbia House, 69 Aldwych, London WC2B 4DX.

associates IN ADVERTISING

CHIEF ACCOUNTANT

c.£23,000 + car
Thames Valley

Our client is an autonomous trading division of a large PLC with a turnover in excess of £70 Million p.a. They wish to recruit a qualified accountant, aged between 28 and 35 with at least 3 years experience in managing a substantial accounts function.

Reporting to the Finance Director the successful applicant will be responsible for the Financial and Management Accounting functions working to strict reporting deadlines. Candidates must have a 'shirt-sleeves' approach to their work and a wide exposure to the use and development of computerised accounting systems.

With responsibility for 35 staff, good man-management skills are essential. Experience of working in a multi-branch environment would be a distinct advantage.

For further details please contact
Robert Morgan on 01-583 0073 or 01-870 3037 (outside office hours).

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THE FINANCIAL & LEGAL RECRUITMENT SPECIALISTS
16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4.
No. 6 LLOYDS AVENUE, LONDON EC3.

High-growth US Computer Company

Thames Valley **£25K-£35K + Car**

Our client is the European computer marketing division of a $2.5 billion American electronics company. In seven years the corporation has created a $1 billion computer division.

Growth has been dramatic at 100% per annum, creating an extremely dynamic operating environment and exciting opportunities for quick thinking, highly capable individuals.

The European HQ and the UK operation have been recently consolidated and relocated to the Thames Valley area, to new high-tech premises.

The Company is now structuring the finance function to respond to the demanding business level both in the UK and Europe and has identified a need for the following:

UK FINANCIAL CONTROLLER
£30K-£35K + Car

Reporting to the European Controller and the UK Managing Director with a team of 14 people you will be responsible for the total finance function MIS and personnel. It is a pro-active role with high information demands to tight deadlines.

The successful individual will be aged 33-45, a graduate accountant (possibly MBA) mature, and commercially well experienced.

EUROPEAN ACCOUNTING MANAGER
£25K-£30K + Car

Reporting to the European Controller with a staff of 2, you will be responsible for the monthly consolidation, review and analysis, of the European subsidiaries. In particular you will be expected to develop the European planning, budgeting and forecasting activity. Some European travel will be involved but will not be excessive. The successful candidate will be 28-35, a graduate accountant (possibly from public practice) with an international leaning.

The general benefits for both positions include non contributory portable pensions, BUPA, PHI, and full expensed car packages.

If you have the high qualities required to satisfy my client, please submit your cv to: **Wayne Thomas, Executive Division, Michael Page Partnership, Kingsbury House, 6 Sheet Street, Windsor, Berkshire SL4 1BG.**

MP
Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Lynton

Company Secretary

c£30,000 p.a. plus car
London SW1

Our client is the recently merged Lynton Property & Reversionary PLC, a substantial and successful international group specialising in top quality property investment and development.

Their vacancy is for a qualified Company Secretary responsible to the Financial Director primarily for statutory duties and contractual matters and also for personnel, office management and some accounting.

The job calls for a meticulous and well-ordered approach, attention to detail and inter-personal sensitivity. A background in the head office of a property or investment Plc would help.

Applicants up to their mid-forties are asked to write, quoting reference 1516, with a full CV, details of current earnings and a daytime telephone number to:-

BinderHamlyn
MANAGEMENT CONSULTANTS
Trevor Austin, Executive Selection Division
Binder Hamlyn Management Consultants
8 St Bride Street, London EC4A 4DA

Deputy Managing Director

International Company

London Base **from £35,000 + car**

A rapidly growing small international company wishes to strengthen their European operations with a strong senior financial executive.

Besides normal advice to the Board, responsibilities include the preparation of future development plans and the provision of prompt worldwide management information. The emphasis is upon strong commercial management.

The ideal candidate is an FCA or FCMA aged around 35 to 40.

Minimum criteria includes knowledge of manufacturing and appropriate financial controls. Key personal qualities include enthusiasm and the ability to strongly follow through to manage and solve problems. An understanding of all business disciplines is essential.

The remuneration package is based on a salary of around £35,000 plus bonus plus car plus benefits. There is potential for equity.

Please write in confidence to R N Orr, quoting Ref. M3481 or telephone for further information.

Roland Orr & Partners
Management Consultants
12 New Burlington Street London W1X 1FF Telephone 01-439 6891

High Calibre Accountants

City. To £30,000, Car & Banking Benefits

Our continuing expansion now calls for the recruitment of three very bright "Specialist Accountants," with high levels of technical expertise, to join our Group Finance Department which reports to our Group's senior management. This department has a central role in all aspects of financial control and reporting, with a view to providing the necessary information to maximise the Group's potential. It is a stimulating and fast-growing environment. Each appointment will be at a Management level, reporting to our Group Accountant.

Treasury Accountant

Responsible for monitoring the Group's risk and use of capital.

This will include measuring the return on capital, assessing the Group's capital adequacy, forecasting future requirements for capital, and the definition and measurement of risk in all our diverse areas of operation.

Compliance Accountant

Responsible for ensuring that the Group and its component companies comply with all regulatory requirements. This will involve the development of a detailed knowledge of finance sector regulatory bodies both in the UK and overseas.

This role, as well as providing technical advice to operating areas, will include evaluation *and development of the Group's accounting policies.*

Financial Accountant

Responsible for the consolidation of the Group's financial accounts and their presentation, as well as the provision of financial information to external agencies.

This will involve considerable liaison with the Group's auditors and the provision of technical accounting support to subsidiaries.

Applicants should be qualified accountants with 2/3 years' relevant post-qualification experience, who have the desire to succeed in a challenging environment.

Salaries will be negotiable up to £30,000 according to experience with a fully-expensed car and benefit package including profit share, mortgage subsidy and BUPA.

Please write with full CV. to:
Tony Hatton-Gore, Personnel,
Kleinwort Benson Limited,
10 Fenchurch Street, London, EC3M 3LB.

Kleinwort Benson Group

High Calibre Chartered Accountant

Financial Services

Southern England **Package c£25,000 + Car**

Our client's substantial presence in the UK and overseas gives it the distinction of being one of the world's premier financial services groups. They now seek an individual of exceptional ability and potential to be responsible for the preparation of financial and management accounting information for the group's major operating company.

Reporting to the Chief Accountant and supported by a small professional team the successful candidate will be responsible for monitoring the company's financial position as well as providing financial advice and control. This appointment is a key accounting role within the company and, as such, you will be an important member of the senior financial management team.

Candidates should be Graduate Chartered Accountants with at least two years' experience outside the profession ideally gained with a major international Plc. Naturally, sound technical ability is assumed but, in addition, considerable importance is placed on a strong personal presence, lively commercial awareness and well developed management skills. Career prospects are outstanding.

If you have the determination and ambition our client requires, contact **Mark Carriban ACA** on **0703 223406**, or write to him enclosing a comprehensive CV at **Michael Page Partnership, 144 Avenue Road, Southampton, Hampshire SO2 1BE.**

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International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Newly Qualified

Accountants seeking recognition ...

MERCHANT BANKING

Corporate Finance

This blue-chip British merchant bank is one of the City's most prominent Corporate Finance specialists. The need to grow with increasing business volumes has resulted in the current position which represents a superb entry-point for the "Big 8" trained Chartered Accountant to be fully involved in the team's Corporate Finance activities — particularly flotations, listings, mergers, and acquisitions. To sustain the team's excellent reputation in today's highly competitive market you will need to demonstrate a high level of commercial awareness and first class achievement levels to date.

Swaps Accountant

Our client is a prime name U.K. bank, with a high profile in both commercial and investment banking.

The continued success of its trading function has created an excellent opportunity for a newly qualified Accountant. As a key member of a professional team you will take responsibility for assessing all aspects of the bank's interest rate and currency swap activities.

Developing accounting policies for new products the successful candidate must be an excellent communicator capable of dealing confidently at senior levels within the bank.

For further information please contact Felicity Hother or Anita Harris on 01-606 1706 or send a C.V. to Anderson, Squires Ltd., 127 Cheapside, London EC2V 6BU.

Financial Recruitment Specialists Anderson, Squires

Head of Business Support Services

International Accountancy Firm – London – Package to £45,000

Help Businesses think big…

Our client is a prestigious international firm of chartered accountants which, in addition to a wide range of major-name clients, specialises in providing client businesses with the planning, monitoring, accounting and financial management services so essential to support their growth.

The demand for these support services has increased dramatically and, as a result, our client wishes to appoint a HEAD OF BUSINESS SUPPORT – a person with the drive, management qualities and assertiveness to head the Business Support Unit and market its services to a broadening client base.

Whether you are an accountant or consulting professional, you'll probably be 30-35 and have a background in the provision of financial, commercial or professional services.

Certainly, you will hold a senior level appointment at the moment – and feel at ease in a corporate team, where your incisive personal style will enable you to sell our client's services, direct the Unit's growth, and exercise overall technical control.

If you have the leadership qualities required by this post and ideally an easy familiarity with microcomputers, this could well be a crossroads in your career with a direct route to partnership within a matter of months.

To find out more about this major opportunity in which the salary will directly reflect your age, experience and personal performance, please send your career details, in confidence, to

Juliet Connock, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.

…and grow big too

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Finance Director

Midlands c£35,000 + Equity + Car

Our client is a well established, highly profitable, specialist manufacturing company in the food industry. Its recent history of rapid organic growth will lead to a Stock Exchange flotation in the early part of 1988.

The newly-created position of Finance Director, entailing responsibility for finance and data processing, will be essentially a strategic role, concentrating on long-term business development. The initial brief will be to steer the business through the flotation procedure, subsequent to which, the successful applicant will be expected to work very closely with the Managing Director in the areas of acquisitions and City liaison.

Candidates, aged 32-45, should be Qualified Accountants, with a strong background in strategic analysis, together with highly developed interpersonal skills and commercial awareness. Previous experience of acquisition appraisal and liaison with institutions is essential. In addition to the negotiable salary, an excellent benefits package and relocation facilities are available.

Interested applicants should write to **Alan Dickinson ACMA** at **Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST (telephone: 021-643 6255).**

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
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Group Finance Director

East Midlands Min £30,000 + Equity + Car

Our client is a group of companies engaged in manufacturing and is a market leader in its field. A history of rapid growth and profitability is expected to result in a successful USM floatation, in the near future.

Working closely with the Managing Director the successful applicant will assume total responsibility for the financial control of the group and play a leading role in its day-to-day management. Specific duties will include financial and strategic planning, business development, liaison with the City and preparation for the floatation. A heavy involvement will also be required in the identification of potential acquisitions and the subsequent negotiations.

Candidates, aged 30-40, should be qualified accountants with a strong technical background together with highly developed inter-personal skills and commercial awareness. The ability to command respect and present a professional corporate image to financial institutions is a prerequisite.

A substantial remuneration package including equity participation, full relocation expenses and other benefits is offered. Applicants should write to **Rod Shaw, quoting ref. 5012, at Michael Page Partnership, Imperial Building, Victoria Street, Nottingham NG1 2EX (0602) 483480.**

MP

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

International Auditors

UK or European Base £20,000 – £35,000

Our client, a US high technology multinational with European Headquarters based in Switzerland, is seeking to strengthen its European operations by the recruitment of two additional International Auditors.

Reporting to the Audit Manager, the successful candidates will undertake a variety of assignments to include financial audits, analyses of operational procedures/controls and special investigations. Significant travel in Western Europe will be necessary, with a return to home base at weekends. Candidates may be based in London or a major European city.

Applicants, qualified accountants, should have a minimum of three years' auditing experience, ideally gained within an international firm of public accountants.

Strong communicative skills coupled with fluency in English and a good working knowledge of German or Italian are essential requirements.

These positions offer excellent line management prospects and a high level of exposure to an international market. The attractive salary packages will be negotiable and commensurate with age and experience.

Interested candidates should contact **Ivor N. Alex ACA on Paris (331) 4070 0036 at Michael Page France, 19 Avenue George V, 75008 Paris, France or Warwick Holland on London 01-831 0431 at Michael Page International, 39-41 Parker Street, London WC2B 5LH.** Please enclose a comprehensive curriculum vitae with your application, quoting reference **INA/1241.**

MP

Michael Page International
Recruitment Consultants
London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

TAX CONSULTANCY IN THE NORTH EAST

NEWCASTLE AND MIDDLESBROUGH

UP TO £25,000 + CAR

Encouraging signs of economic upturn are leading to further growth in demand for our tax services in the North East.

Led by six tax partners, our experienced team of specialists is the largest tax practice in the region. It is actively engaged on exciting tax consultancy assignments for new and existing clients, including a wide range of rapidly developing and modern industries.

To support this growth, we have attractive career opportunities for tax consultants with partnership potential to join our offices in Newcastle and Middlesbrough.

You should be a Chartered Accountant or Inland Revenue Inspector (P) with at least 3 years corporate tax experience. You must be able to demonstrate the business awareness and communication skills that are the hallmark of our distinctive approach to continuous client service.

You will benefit from extensive in-house training programmes to develop and broaden your technical knowledge and management skills. Most of these courses are held on a national basis to enable you to meet and exchange views with people from all parts of the firm.

Wherever you may be working now, you will find that you will enjoy the distinctive quality of life in the North East, where we will offer you exciting career prospects in a dynamic international firm.

These appointments command an attractive salary with full range of benefits including a car and, where applicable, a generous relocation package.

Please telephone or write to: Esmee Slattery, Tax Staff Partner, Price Waterhouse, Sun Alliance House, 35 Mosley Street, Newcastle-upon-Tyne NE99 1PL.
Tel: (091) 232 8493

Price Waterhouse

Offices in: London, Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, Manchester, Middlesbrough, Newcastle, Nottingham, Southampton and Windsor. Associated firms in Ireland and the Channel Islands.

FINANCIAL DIRECTOR DESIGNATE

West Yorkshire — **c£25K, bonus, car, pension, BUPA. Age Indicator 30-40 yrs**

This privately owned, £6 million pa, textile company has recently re-organised to take advantage of the excellent opportunities which exist in its speciality sector of the industry.

A top flight professional, fully qualified and computer literate, is needed to provide sound financial vision and business acumen in the development of strategy and the improvement and integration of computerised management information systems.

The successful candidate must have a broad financial experience gained within a manufacturing environment and must have the determination to plan, organise and lead the financial department, operating within a very competitive marketplace.

Excellent remuneration and career prospects, coupled with the challenge of making a personal contribution to the direction of the company, will provide an outstanding incentive.

For further details and an application form, please write to Mr V Burke, Senior Consultant – Human Resources, 3i Consultants Ltd., 34 Park Cross Street, Leeds LS1 2QH, or telephone Leeds (0532) 459469 (24-hour reply service), quoting Ref: NR/700.

3i Consultants Ltd
Human Resources Division

Management Challenges on a European Scale

J. I. Case is one of the world's leading manufacturers of agricultural and construction equipment, with major interests in Europe including assets of $1.5 billion, 15,000 employees, twelve manufacturing plants and over 2,000 dealers and company stores. Case is part of Tenneco, one of the fifty largest industrial companies in the world.

We need to fill two key positions based at our European headquarters in Walton-on-Thames, Surrey. Both report to the Financial Controller, Europe.

MANAGER, PRODUCT ANALYSIS, EUROPE
circa £21,500 + Car

Your main responsibilities in this position will include monitoring product costs, pricing and margins; maintaining and documenting transfer price application, and representing Finance in product planning activities.

Applicants for this challenging position will have a record of success in these fields and experience in a manufacturing environment.

MANAGER, POLICIES & PROCEDURES, EUROPE
circa £21,500 + Car

You will be responsible for developing, implementing and maintaining standard policies, procedures and methods to ensure effective controls and administrative rationalisation. This role offers a particular challenge created by the recent merger of three major companies with diverging policies and procedures. Candidates will show a record of success in this area and preferably have experience in auditing.

Applicants for both positions will be computer-literate accountants with a professional qualification (ACA, ACCA, ACMA or equivalent). International experience and familiarity with U.S. accounting and reporting principles would be a decided advantage.

In addition to the salary and car we offer a contributory pension scheme, 25 days annual leave, free BUPA membership and other benefits. Career development prospects are excellent.

If you meet our requirements, please write, in confidence, with a comprehensive CV and your contact telephone number, to:

J I Case
A Tenneco Company

…Philip Page, J. I. Case Europe Ltd., Case House, P.O. Box 89, 85/89 High Street, Walton-on-Thames, Surrey, KT12 1DL. Please quote ref: A1.

case

Programme Cost Controller

Television, film production or accounting experience.

Channel Four offers an innovative, selective television service to the discriminating viewer. We commission programmes on the basis of the merit and cost of the proposal.

We now wish to appoint a commercially-minded person to our Programme Cost Control function, which forms part of the Finance Department. This team acts as a link between that Department, the Acquisitions Department, Commissioning Editors and independent producers. An important aspect of the role will be reviewing, discussing and monitoring budgets and actual expenditures with Independent Producers and film makers. Some time will need to be spent on location.

Excellent communication skills are essential, as is the relevant experience.

This is a permanent position, with the range of benefits associated with a leading television company.

Please write, enclosing career details and quoting Ref. No: MBS to the Personnel Department, Channel Four Television Company Limited, 60 Charlotte Street, London W1P 2AX.

Applications should be submitted by October 14th.

4

Channel Four is an equal opportunities employer.

CHANNEL FOUR TELEVISION

FINANCE DIRECTOR

North West — **c £25,000 + car + usual major company benefits**

Our client is a sales orientated manufacturing company with an annual turnover in excess of £20 million. Supported by a substantial international parent the company is now strengthening the management team to support future development of the business.

The company wish to appoint a Finance Director who will report to the Managing Director, to take responsibility for the financial control and performance of the company and for providing financial guidance to the Board. The Finance Director will be expected to make an active contribution in all major commercial decisions.

Candidates, who will be aged between 32 and 40, must be qualified accountants who are familiar with computerised accounting systems, and have some experience in the manufacturing sector.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2839 to John Scarisbrick, Executive Selection Division.

Touche Ross
The Business Partners

P.O. Box 500, Abbey House, 74 Mosley Street, Manchester M60 2AT. Telephone: 061-228 3456.

EUROPEAN TRAVELLERS

ACA'S 22-25 — **neg. to £25,000**

Calling at PARIS, COPENHAGEN, MILAN, BARCELONA, STOCKHOLM, OSLO, BRUSSELS and DUBLIN!

Our Fortune 500 clients based on all sides of LONDON would like to hear from qualified, graduate young men and women aged 22-25 with good academic backgrounds who wish to make a career with major UK and US multinationals.

A second EUROPEAN language is preferable but not ESSENTIAL! Travel percentages vary enormously but we are experts in introducing you to the most relevant opportunities.

Your TRAVEL AGENT is:—

George D. Maxwell
Managing Director
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street
London W1N 7RH
Tel: 01-580 7739/7695 or 01-637 5277 ext. 281/282

Accountancy Appointments Europe

The sky's the limit...

Compare your view of the future with the *exciting* career Shell could offer you in Financial Management.

We are one of the world's largest, most international and profitable organisations.

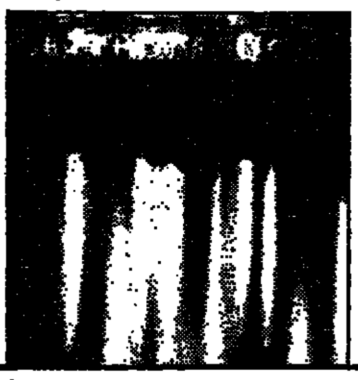
Our operating companies enjoy a high degree of *autonomy* and *within* this framework Shell offers you an opportunity to play an important part in decision-making, working in a closely-knit management team.

In the North West, our refineries, research and marketing operations perform at the leading edge of technological progress.

Your future could take you to many parts of the Group's operations, working on an ever diversifying range of Shell activities.

You may also find opportunities to pursue your career at the international level, where Shell operates in 120 different countries.

You will be given real, personal responsibility for the growth and development of the company within which you work. Naturally, this will also contribute greatly to the growth of your own stature and standing within the Group.

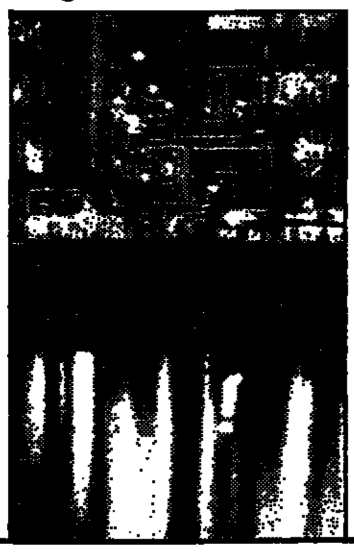


Shell can offer you the outstanding career options you seek. Consider the following broad alternatives currently available in the North West.

MANAGEMENT ACCOUNTANCY

Articulate self-starters who are looking to progress in a challenging business environment are sought. The successful applicants will participate in general business financial management. Responsibilities will include budgeting, financial planning and analysis together with the interpretation of management information using the most up-to-date computer based systems.

Candidates must be qualified accountants aged 23 – 28 years, who possess commercial realism and are capable of communicating effectively with the most senior and junior levels of management.



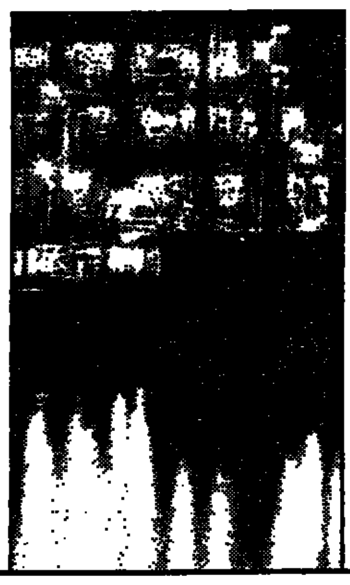
FINANCIAL ACCOUNTANCY

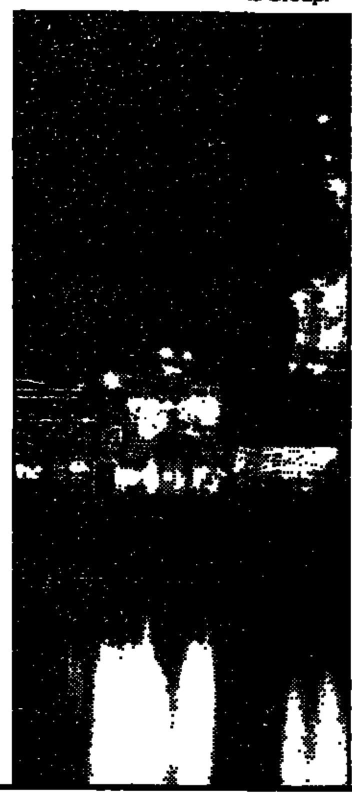
Qualified Accountants, preferably with previous financial accounting experience, will be responsible for the preparation of monthly and quarterly accounts with the aid of on-line computer systems. There is potential for involvement in capital expenditure proposals, taxation issues, group and statutory accounting and a broad range of ad hoc responsibilities.

These positions are at management level and applicants with a depth of interpersonal skills are most likely to succeed.

OPERATIONAL ACCOUNTANCY

We seek highly motivated Accountants capable of expanding their business, analytical and communication skills by undertaking appraisal of business activities in Shell's refining, marketing and chemical sectors, including autonomous subsidiary companies. The end product of these appraisals will be practical recommendations that improve the effectiveness, efficiency and profitability of the business. If you have the personal and analytical skills to operate at this challenging management level you can, in this high profile position, look forward to an interesting and diverse career within the Group.





Financial management at Shell North West. Help us plan a powerful future.

If you are serious about your career as an Accountant and feel you have the potential we seek then contact Christopher French B.Sc. at the Fleet Partnership. He is available for a confidential discussion and to provide details of a programme of local interviews.

the fleet partnership
FINANCIAL RECRUITMENT CONSULTANTS
37/41 Bedford Row, London WC1R 4JH
Telephone 01-831 1101 (24 Hours)

Finance Director

Humberside c£27,500 + Bonus + Car

Our client is a £25 million turnover subsidiary of a noted international Group engaged in the manufacture and marketing of fast moving consumer goods. With a substantial capital investment programme and ambitious acquisition plans, the company is ideally placed to meet its objective of continued growth and diversification.

Internal promotion creates the need for a Finance Director who, working closely with the Managing Director, will assume total responsibility for the finance, data processing and company secretarial functions. The initial brief will include the continued development of the company's management information systems, whilst the successful applicant will also be expected to make a positive contribution to the overall management and strategy of the business.

Candidates, aged 30+ will be qualified accountants (ACA, CIMA, CACA), with in-depth experience of financial management in a related computerised manufacturing environment. Individuals will be computer literate and able to demonstrate a high degree of commercial awareness in addition to the ability to thrive in a role requiring a direct hands-on approach combined with the ability to influence the overall direction of the company. Career prospects are excellent.

Comprehensive relocation facilities are available where appropriate. Interested applicants should contact Stephen J. Broadhurst, quoting ref: L8377, at *Michael Page Partnership, Leigh House,* 28-32 St. Paul's Street, Leeds LS1 2PX. (Tel: 0532 450212).

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor StAlbans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

ACA Investment Banking

Corporate Finance

Corporate Finance departments of UK and international investment banks are seeking to recruit high quality young accountants with first rate academic and professional records. Successful candidates will experience exciting deal-orientated atmospheres and work on flotations and M&A; MBO's and small company advice.

Applicants should be committed and ambitious, enthusiastic and competitive. Rewards are attractive and career prospects inviting.

Contact Mark Hartshorne

Compliance

Compliance offers the opportunity for recently qualified ACA's to move to the heart of investment banking. Playing a central role in the development of new financial instruments, the compliance officer will gain an extensive knowledge of all the institution's activities, through close liaison with each department at the most senior level.

Career prospects are excellent, either within compliance, or other business areas. Rewards will not disappoint.

Contact Paul Wilson

Interested applicants should telephone 01-404 5751, or write to 39-41 Parker Street, London WC2B 5LH.

Michael Page City
International Recruitment Consultants
A member of Addison Consultancy Group PLC

FINANCE MANAGER

£19,000 + car

This is an opportunity for a recently qualified accountant to join a small dynamic team in the service sector.

The company, based in Westminster, is the leading UK firm of Professional Conference Organisers and part of a rapidly growing PLC. It is looking to expand through both internal growth and external acquisition.

The company, working internationally, provides a high level of service to International Associations, especially in the professional, medical, scientific, finance and industrial fields, and to major Corporate clients.

The successful candidate will have sole responsibility for all accounts preparation and production, and will also be expected to take an important role in the administration and general management of the company.

A good command of French would be useful.

Please apply with CV and recent photograph to:
Box A.0678, Financial Times
10, Cannon Street, London EC4P 4BY.

FINANCIAL DIRECTOR

North Wales attractive remuneration package

Our client is a highly successful subsidiary of a major UK Group, engaged in the manufacture of plastic products for the electrical and construction industries. They are well established as the UK market leader in their field and are developing their already substantial overseas markets. Turnover is currently c£23m, increasing via organic growth and acquisition.

The need is for a well balanced and experienced Financial Director to take full responsibility for the financial & data processing functions, whilst making a significant contribution to the company's profit performance and future development plans.

Candidates will already be operating at Board level, preferably within a process manufacturing organisation, capable of demonstrating the ability to operate at the top level in a role of strategic planning and the identification and development of business opportunities. In addition a record of achievement particularly in the areas of manufacturing cost control and the utilisation of advanced computer facilities is seen as essential. It is unlikely that applicants under the age of 35 will have the necessary experience and overall business vision required for this demanding position.

Interested candidates should apply in writing giving career details to date and current earnings to Paul J Blake quoting reference FT0904 at:

QMS Recruitment
Quorn House, 6 Princess Road West
Leicester LE1 6TP

New Products – Banking

ACA/CIMA/CACA

c£21,000 + Car + Mortgage subsidy

This established US Bank seeks a young NEWLY/RECENTLY QUALIFIED Accountant to join its corporate product development team, based in Central London.

Reporting to the Head of Finance, the team monitors profitability of existing products whilst researching and developing new business opportunities in this fast moving and highly competitive market.

Initial duties will include analysing product profitability and competitor activity. This is an excellent opportunity to gain experience of the Financial Services sector, while working in a key area which directly effects the bank's profitability. Very much a 'Front Office' role, career advancement will lead to a Senior Financial or Marketing Management position, or to the dealing room itself.

City experience is not essential. Candidates should be aged 24-28 and be able to demonstrate a high level of achievement in their career to date.

Please contact VIVIENNE SHALL quoting reference 3736 on 01-404 3155 at ALDERWICK PEACHELL & PARTNERS 125 High Holborn London WC1V 6QA (Rec Cons).

Alderwick and Peachell & PARTNERS LTD

FINANCIAL CONTROLLER - WEST AFRICA

TO £26,000 TAX FREE + BENEFITS

The client a UK based project management company, require a Qualified Accountant (aged 35+) to fulfill a long term contract re-building a major timber plant in West Africa.

Ten years experience of financial/management accounting including preparation of budgets and cash flows and a commitment to training of indigenous personnel are pre-requisites.

Please send C.V., in confidence, to:- Ken Wilson,

Ken Wilson Associates,
Collingwood Buildings,
Collingwood Street,
Newcastle upon Tyne, NE1 1JF.

ACCOUNTANCY RECRUITMENT SPECIALISTS

TAXATION ACCOUNTANT

Oil Industry **Herefordshire**

Clyde Petroleum is a well established British independent oil exploration and production company with a wide spread of interests. In response to recent growth and further planned expansion, both in the UK and abroad, we have created a new position which provides an exceptional opportunity to develop an effective in-house taxation function.

The Taxation Accountant will be responsible for the co-ordination of UK and international tax reporting and compliance. There will also be significant involvement in economic evaluations and investment proposals, with a major emphasis being placed on tax planning. An imaginative and commercial approach is essential, together with the ability to communicate effectively, both within the company and with external advisors.

Candidates should have a strong general tax background and specific experience of the UK Oil and Gas Industry, although not essential, would be an advantage.

The salary is negotiable according to experience and an attractive benefits package will be offered.

The group head office of Clyde Petroleum is located in Herefordshire and reasonable relocation expenses to this most pleasant part of the country will be met.

Please write in confidence to:
Mr J. W. Price, CBE, Manager
External Relations, Clyde Petroleum plc
Coddington Court, Coddington, Ledbury, Herefordshire, HR8 1JL

CLYDE PETROLEUM plc

MANAGEMENT AUDIT

Salary to £18,000 + benefits and lease car

Unipart with a turnover of around £380 million is amongst Europe's largest and most successful distributors of automotive parts and accessories. The recently privatised Group is expanding and this together with internal promotion has created a requirement for 3 additional Senior Auditors.

Reporting to the Audit Manager the successful applicants will be involved in carrying out reviews of financial and management control systems across all Group activities. In addition considerable time is spent on ad hoc investigations and special projects.

The Management Audit Department is seen by the Group as a key entry point for future finance managers, and as such places considerable emphasis on continued professional development through a system of planned training. Senior Auditors can expect their first move into line positions within 12-18 months.

Applicants aged 26-35 must be graduate qualified accountants presently working in industry or seeking to make their first move out of the profession. The ability to communicate effectively with management at the highest level is essential as is the desire to work for a Company which is recognised as being a market leader.

An attractive package is offered including competitive salary, bonus, contributory pension, lease car and generous discount on company products. Full relocation assistance will also be provided.

Please send your detailed curriculum vitae together with a hand written covering letter for the attention of:
Mr. W. Kuzminski, Controller Management Audit, Unipart Group of Companies, Unipart House, Cowley, Oxford OX4 2PG. Telephone Oxford (0865) 713454.

UNIPART

FINANCIAL DIRECTOR DESIGNATE

(Package c. £25,000)

Fast expanding marketing services company based in Birmingham requires a dynamic experienced accountant (ACA, ACCA, ACMA) to establish new computerised accounting and management information systems. Responsibilities will include cost control and profit maximisation. The successful candidate will need to be resilient, hard working and articulate. The company is a subsidiary of a successful quoted plc and there are possibilities for career development.

Please respond in first instance with full CV to
Alec Graham, Group Finance Director,
55 Catherine Place, London SW1E 6DY

Head of Business Support Services

International Accountancy Firm – London – Package to £45,000

Help Businesses think big...

Our client is a prestigious international firm of chartered accountants which, in addition to a wide range of major-name clients, specialises in providing client businesses with the *planning, monitoring, accounting and financial management* services so essential to support their growth.

The demand for these support services has increased dramatically and, as a result, our client wishes to appoint a HEAD OF BUSINESS SUPPORT – a person with the drive, management qualities and assertiveness to head the Business Support Unit and market its services to a broadening client base.

Whether you are an accountant or consulting professional, you'll probably be 30-35 and have a background in the provision of financial, commercial or professional services.

Certainly, you will hold a senior level appointment at the moment – and feel at ease in a corporate team, where your incisive personal style will enable you to sell our client's services, direct the Unit's growth, and exercise overall technical control.

If you have the leadership qualities required by this post and ideally an easy familiarity with microcomputers, this could well be a crossroads in your career with a direct route to partnership within a matter of months.

To find out more about this major opportunity in which the salary will directly reflect your age, experience and personal performance, please send your career details, in confidence, to

**Juliet Connock, Michael Page Partnership,
39-41 Parker Street, London WC2B 5LH.**

...and grow big too

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Finance Director

Midlands — c£35,000 + Equity + Car

Our client is a well established, highly profitable, specialist manufacturing company in the food industry. Its recent history of rapid organic growth will lead to a Stock Exchange flotation in the early part of 1988.

The newly-created position of Finance Director, entailing responsibility for finance and data processing, will be essentially a strategic role, concentrating on long-term business development. The initial brief will be to steer the business through the flotation procedure, subsequent to which, the successful applicant will be expected to work very closely with the Managing Director in the areas of acquisitions and City liaison.

Candidates, aged 32-45, should be Qualified Accountants, with a strong background in strategic analysis, together with highly developed interpersonal skills and commercial awareness. Previous experience of acquisition appraisal and liaison with institutions is essential. In addition to the negotiable salary, an excellent benefits package and relocation facilities are available.

Interested applicants should write to
Alan Dickinson ACMA at
Bennetts Court, 6 Bennetts Hill, Birmingham B2 5ST (telephone: **021-643 6255**).

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Group Finance Director

East Midlands — Min £30,000 + Equity + Car

Our client is a group of companies engaged in manufacturing and is a market leader in its field. A history of rapid growth and profitability is expected to result in a successful USM floatation, in the near future.

Working closely with the Managing Director the successful applicant will assume total responsibility for the financial control of the group and play a leading role in its day-to-day management. Specific duties will include financial and strategic planning, business development, liaison with the City and preparation for the floatation. A heavy involvement will also be required in the identification of potential acquisitions and the subsequent negotiations.

Candidates, aged 30-40, should be qualified accountants with a strong technical background together with highly developed inter-personal skills and commercial awareness. The ability to command respect and present a professional corporate image to financial institutions is a prerequisite.

A substantial remuneration package including equity participation, full relocation expenses and other benefits is offered. Applicants should write to **Rod Shaw, quoting ref. 5012, at Michael Page Partnership, Imperial Building, Victoria Street, Nottingham NG1 2EX (0602) 483480.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

International Auditors

UK or European Base — £20,000 – £35,000

Our client, a US high technology multinational with *European Headquarters based in Switzerland, is seeking to* strengthen its European operations by the recruitment of two additional International Auditors.

Reporting to the Audit Manager, the successful candidates will undertake a variety of assignments to include financial audits, analyses of operational procedures/controls and special investigations. Significant travel in Western Europe will be necessary, with a return to home base at weekends. Candidates may be based in London or a major European city.

Applicants, qualified accountants, should have a minimum of three years' auditing experience, ideally gained within an international firm of public accountants.

Strong communicative skills coupled with fluency in *English and a good working knowledge of German or* Italian are essential requirements.

These positions offer excellent line management prospects and a high level of exposure to an international market. The attractive salary packages will be negotiable and commensurate with age and experience.

Interested candidates should contact **Ivor N. Alex ACA** on Paris (331) 4070 0036 at **Michael Page France, 19 Avenue George V, 75008 Paris, France or Warwick Holland** on London 01-831 0431 at **Michael Page International, 39-41 Parker Street, London WC2B 5LH.** Please enclose a comprehensive curriculum vitae with your application, quoting reference **INA/1241.**

Michael Page International
Recruitment Consultants
London Brussels New York Paris Sydney
A member of Addison Consultancy Group PLC

TAX CONSULTANCY IN THE NORTH EAST

NEWCASTLE AND MIDDLESBROUGH

UP TO £25,000 + CAR

Encouraging signs of economic upturn are leading to further growth in demand for our tax services in the North East.

Led by six tax partners, our experienced team of specialists is the largest tax practice in the region. It is actively engaged on exciting tax consultancy assignments for new and existing clients, including a wide range of rapidly developing and modern industries.

To support this growth, we have attractive career opportunities for tax consultants with *partnership potential to join our offices in Newcastle and Middlesbrough.*

You should be a Chartered Accountant or Inland Revenue Inspector (P) with at least 3 years corporate tax experience. You must be able to demonstrate the business awareness and communication skills that are the hallmark of our distinctive approach to continuous client service.

You will benefit from extensive in-house training programmes to develop and broaden your technical knowledge and management skills. Most of these courses are held on *a national basis to enable you to meet and exchange views with people from all parts* of the firm

Wherever you may be working now, you will find that you will enjoy the distinctive quality of life in the North East, where we will offer you exciting career prospects in a dynamic international firm.

These appointments command an attractive salary with full range of benefits including a car and, where applicable, a generous relocation package.

Please telephone or write to: Esmee Slattery, Tax Staff Partner, Price Waterhouse, Sun Alliance House, 35 Mosley Street, Newcastle-upon-Tyne NE99 1PL.
Tel: (091) 232 8493

Price Waterhouse

Offices in London, Aberdeen, Birmingham, Bristol, Cardiff, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, Manchester, Middlesbrough, Newcastle, Nottingham, Southampton and Windsor. Associated firms in Ireland and the Channel Islands

Management Challenges on a European Scale

J. I. Case is one of the world's leading manufacturers of agricultural and construction equipment, with major interests in Europe including assets of $1.5 billion, 15,000 employees, twelve manufacturing plants and over 2,000 dealers and company stores. Case is part of Tenneco, one of the fifty largest industrial companies in the world.

We need to fill two key positions based at our European headquarters in Walton-on-Thames, Surrey. Both report to the Financial Controller, Europe.

MANAGER, PRODUCT ANALYSIS, EUROPE
circa £21,500 + Car

Your main responsibilities in this position will include monitoring product costs, pricing and margins; maintaining and documenting transfer price application, and representing Finance in product planning activities.

Applicants for this challenging position will have a record of success in these fields and experience in a manufacturing environment.

MANAGER, POLICIES & PROCEDURES, EUROPE
circa £21,500 + Car

You will be responsible for developing, implementing and maintaining standard policies, *procedures and methods to ensure effective* controls and administrative rationalisation. This role offers a particular challenge created by the recent merger of three major companies with diverging policies and procedures. Candidates will show a record of success in this area and *preferably have experience in auditing.*

Applicants for both positions will be computer-literate accountants with a professional qualification (ACA, ACCA, ACMA or equivalent). International experience and familiarity with U.S. accounting and reporting principles would be a decided advantage.
In addition to the salary and car we offer a contributory pension scheme, 25 days annual leave, free BUPA membership and other benefits. Career development prospects are excellent.
If you meet our requirements, please write, in confidence, with a comprehensive CV and your contact telephone number, to:

J I Case
A Tenneco Company

. Philip Page, J. I. Case Europe Ltd., Case House, P.O. Box 89, 85/89 High Street, Walton-on-Thames, Surrey, KT12 1DL. Please quote ref: A1.

Programme Cost Controller

Television, film production or accounting experience.

Channel Four offers an innovative, selective television service to the discriminating viewer. We commission programmes on the basis of the merit and cost of the proposal.

We now wish to appoint a commercially-minded person to our Programme Cost Control function, which forms part of the Finance Department. This team acts as a link between that Department, the Acquisitions Department, Commissioning Editors and independent producers. An important aspect of the role will be reviewing, discussing and monitoring budgets and actual expenditures with Independent Producers and film makers. Some time will need to be spent on location.

Excellent communication skills are essential, as is the relevant experience.

This is a permanent position, with the range of benefits associated with a leading television company.

Please write, enclosing career details and quoting Ref. No: MB5 to the Personnel Department, Channel Four Television Company Limited, 60 Charlotte Street, London W1P 2AX.

Applications should be submitted by October 14th.

Channel Four is an equal opportunities employer.

CHANNEL FOUR TELEVISION

FINANCIAL DIRECTOR DESIGNATE

West Yorkshire — **c£25K, bonus, car, pension, BUPA.**
Age Indicator 30-40 yrs

This privately owned, £6 million pa. textile company has recently re-organised to take advantage of the excellent opportunities which exist in its speciality sector of the industry.

A top flight professional, fully qualified and computer literate, is needed to provide sound financial vision and business acumen in the development of strategy and the improvement and integration of computerised management information systems.

The successful candidate must have a broad financial experience gained within a manufacturing environment and must have the determination to plan, organise and lead the financial department, operating within a very competitive marketplace.

Excellent remuneration and career prospects, coupled with the challenge of making a personal contribution to the direction of the company, will provide an outstanding incentive.

For further details and an application form, please write to Mr V Burke, Senior Consultant – Human Resources, 3i Consultants Ltd., 34 Park Cross Street, Leeds LS1 2QH, or telephone Leeds (0532) 459469 (24-hour reply service), quoting Ref: NR/700.

3i Consultants Ltd
Human Resources Division

FINANCE DIRECTOR

North West — **c £25,000 + car + usual major company benefits**

Our client is a sales orientated manufacturing company with an annual turnover in excess of £20 million. Supported by a substantial international parent the company is now strengthening the management team to support future development of the business.

The company wish to appoint a Finance Director who will report to the Managing Director, to take responsibility for the financial control and performance of the company and for providing financial guidance to the Board. The Finance Director will be expected to make an active contribution in all major commercial decisions.

Candidates, who will be aged between 32 and 40, must be qualified accountants who are familiar with computerised accounting systems, and have some experience in the manufacturing sector.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2839 to John Scarisbrick, Executive Selection Division.

Touche Ross
The Business Partners

P.O. Box 500, Abbey House, 74 Mosley Street, Manchester M60 2AT. Telephone: 021-228 3456.

EUROPEAN TRAVELLERS

ACA'S 22-25 — **neg. to £25,000**

Calling at PARIS, COPENHAGEN, MILAN, BARCELONA, STOCKHOLM, OSLO, BRUSSELS and DUBLIN!

Our Fortune 500 clients based on all sides of LONDON would like to hear from qualified, graduate young men and women aged 22-25 with good academic backgrounds who wish to make a career with major UK and US multinationals.

A second EUROPEAN language is preferable but not ESSENTIAL! *Travel percentages vary enormously but we* are experts in introducing you to the most relevant opportunities.

Your TRAVEL AGENT is:—

**George D. Maxwell
Managing Director
ACCOUNTANCY APPOINTMENTS EUROPE
1-3 Mortimer Street
London W1N 7RH
Tel: 01-580 7739/7695 or 01-637 5277 ext. 281/282**

Accountancy Appointments Europe

Compliance Officers

The Chartered Association of Certified Accountants

London **£20,000-£25,000 + Car**

The Practice Regulation Unit is being set up by the Association to enable it to operate as a Recognised Professional Body under the Financial Services Act. The Association now seeks to appoint two Compliance Officers.

Ideally candidates will be qualified Accountants with recent professional experience, good organisational ability, and the maturity to deal with individuals at all levels.

These challenging roles will involve setting up new systems, monitoring, and advising members on their investment business. Travel throughout the United Kingdom is an integral part of this position. Age will not be a barrier.

Contact **Paul Wilson** or **Nick Root** on **01-404 5751**, or write enclosing a full curriculum vitae to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City
International Recruitment Consultants
A member of Addison Consultancy Group PLC

FINANCIAL MANAGEMENT STOCKBROKING

£30k PACKAGE **LONDON**

Financial Clearing and Services (UK) Ltd (FiCS) is an innovative securities settlement organisation formed by Security Pacific National Bank and Hoare Govett to meet the maret challenges caused by deregulation of The Stock Exchange.

We are currently seeking qualified CAs/MBAs with previous experience within the financial sector who wish to pursue a career within a challenging environment where quality performance will be highly rewarded.

We offer an initial package to include:

* Profit Sharing Scheme
* Private Health Scheme
* Mortgage Subsidy
* Non-contributory Pension Scheme

FiCS
A Member of The Stock Exchange

Please send a Curriculum Vitae to:
Jackie Osborne
Financial Clearing and Services (UK) Ltd
Heron House, 319/325 High Holborn
London WC1V 7PB

CHIEF ACCOUNTANT—CONTRACT HIRE

£21k + BONUS + CAR

Arlington Contracts, a rapidly expanding Contract Hire subsidiary of Unigate PLC and based in North London, requires a qualified Chief Accountant (preferably ACA)

Scope of the job includes:—

—Full responsibility for the Accounts Department, controlling a staff of 15 people, supported by on-line Digital computer systems.
—Timely preparation of the monthly accounts package and management information reports.
—Budget preparation and analysis.
—On going management support to the Managing Director on a daily basis.

Excellent remuneration package, including profit related bonus and company car.

Preference will be given to applicants who can demonstrate good man management skills and experience working with both on-line computer systems and IBM PC packages (Lotus etc).

Applications to:
Mr G. Phillips
Personnel Director
Arlington Motor Holdings PLC
Ardent House
Gates way
Stevenage
Herts SG1 3NF

FINANCE DIRECTOR

YOUNG CONTROLLER FOR GROWING PLC

South West

Our client is a rapidly expanding PLC, making the transition to a market-led management philosophy and requiring the responsive and accurate financial reporting of the best and most aggressive companies.

This is a virtual 'green field' situation where a young qualified accountant, very much at home in a manufacturing environment, can create the financial management group that quickly and accurately evaluates costs and variances, reports and analyses sales, and manages cash to maintain growth and investment.

As an exceptional opportunity, the appointment demands an equally exceptional manager – well trained, computer literate, articulate and strong minded – a man or woman seeking a genuinely rare opportunity for personal development. The package will include a company car, private health cover, pension scheme and a salary indicator of c£30,000.

Please write quickly, with full CV to:
A. R. Ward, (CRS 499), Lockyer, Bradshaw and Wilson Ltd., 39-41 Parker Street, London WC2B 5LH.
Please indicate companies to whom your application *should not be forwarded.*

LBW
LOCKYER, BRADSHAW & WILSON LIMITED

TOKYO SECURITIES CO. (EUROPE) LTD., the *wholly owned* UK subsidiary of TOKYO SECURITIES CO. LTD. of Japan, a MEMBER OF TOKYO STOCK EXCHANGE, is seeking a Manager to deal with our expanding general affairs and accounting business. If you can write and speak Japanese and English, and have substantial experience in accounting business and some experience in foreign exchange transactions, please send your c.v. to us. Salary £14,880 plus discretionary bonus.

TOKYO SECURITIES CO. (EUROPE) LTD.,
(Attn. Mr. I. Ishimaru),
1 London Wall Buildings, London Wall,
London EC2M 5PP.

Part Qualified ACCA £12-15k

HIGH TECH MULTIPLE RETAIL AND COMPUTER SALES

Shadow UK own the Tecno and Fox Talbot camera/video stores (No.1 Nikon/Hasselblad dealers). Also Morse Computers, selling IBM and Compaq to corporates. Age 22 – 27, reporting to Financial Controller, responsibility for financial/admin. functions inc. supervision computerised ledgers/payroll. New, spacious offices near Heathrow. Write to J. Britten, Director, Shadow UK, Hampton Farm Ind Est, Feltham, Middx.

Financial Controller

ACA's 28+ **c£30,000 + Car**
Central London

- **Post with Partnership Potential**
- **Fast-Growing Practice**
- **Excellent Client Base**
- **Based in London, West End**

Our client is a fast growing "top 40" firm of chartered accountants seeking to recruit a young financial controller. The role will include the duties of partnership secretary and cover the firm's offices in London and the Home Counties. Candidates should have good academic and professional examination records and have at least two years' controllership experience in a medium sized company or partnership.

For more information, please contact **George Ormrod B.A. Oxon** or **Stephen Hackett B.A. (Oxon)** on **01-836 9501** or write with your copy of your C.V. to our London office quoting **reference No. 8020**

OFFICIAL SPONSOR 1988 BRITISH OLYMPIC TEAM

FINANCIAL & MANAGEMENT RECRUITMENT CONSULTANTS
DOUGLAS LLAMBIAS
LONDON LIVERPOOL MANCHESTER ABERDEEN EDINBURGH GLASGOW
DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R ONS
TELEPHONE: 01-836 9501

Accountants for a career in International Banking

Accountants, qualified or partly-qualified, with some EDP exposure and preferably some experience of systems design/implementation, are invited to consider careers in an international banking institution with well-established presence in over 70 countries.

Opportunities currently exist in:

* Audit/financial monitoring of worldwide Foreign Exchange Dealing Room Operations and Settlement Department.
* Other areas of the Bank.

Non-accountants with relevant foreign exchange and banking experience may also be considered.

These initial assignments may be in the UK and hence UK nationality/right of residence is preferred. Fluency in English, good communication skills and the ability to motivate oneself and others are essential. Knowledge of other languages will be an advantage as will overseas work experience.

Maximum age 40, post student contract experience minimum 5 years. Please write, with CV and passport size photograph to Box No. AO676.

Financial Times, 10 Cannon Street,
London EC4P 4BY.

SENIOR GROUP ACCOUNTANT

THAMES VALLEY TO £25,000 PLUS CAR

Our client is a major blue chip company, a world leader in its specialist field. The Group is expanding rapidly by acquisition and has major manufacturing sites in the UK and overseas.

They are now looking for a senior financial accountant to be involved in a broad range of activities at Group level. You will be responsible for the preparation of management and financial accounts and the review of information and forecasting for the Board. You will be involved in the development of Group Accounting policies and ad hoc project and acquisition work.

This is a very high profile role and the company is looking for candidates who will be capable of quick progression within the Group and who will be of senior management calibre. You will probably be a graduate with a big firm background and two or three year's post-qualification experience.

Candidates looking for a progressive commercial career should apply in confidence, to Vivienne Hines, on 01-629 3555 or write to 70-71 New Bond Street, London W1.

Brian Ingram Associates
70/71 New Bond Street, London W1 9DE

Business Planning and Control with Board Potential

West Midlands **to £20,000 + car**

This is a rare opportunity for an experienced business/financial analyst to play an influential role in the continued development of successful engineering companies in Great Britain with over 30 associate companies throughout the world and its Headquarters in Vienna.

This newly created position includes responsibility for cost and financial analysis, planning, and management accounting. The introduction and establishment of computerised cost control and financial analysis systems is a key task, together with the development of routine reporting systems.

Candidates should possess a good degree and sound grasp of accountancy procedures gained in manufacturing industries. Experience must include analysis of business and project costs from basic contact at shop floor level to ultimately reporting at Board level.

This position will appeal to enthusiastic, imaginative candidates who can demonstrate their commitment to implementing new systems and procedures, and who possess the understanding and commercial sense to advise on and participate in the basic decisions of the business. Prospects for short term advancement to a Board position are excellent, and in addition to a negotiable salary, assistance with relocation costs will be provided, where appropriate.

Please write or telephone for an application or send detailed CV to Philip Guy at the address below, quoting reference: **PBM/1515/1/FT.**

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Executive Search • Selection • Psychometrics • Remuneration & Personnel Consultancy

6 Highfield Road, Edgbaston, Birmingham B15 3DJ.
Tel: 021-454 5791

Young Management Accountant

London **to £20,000**

At the forefront of British retailing, you'll find Sears plc, commanding a market-leading position with an unrivalled range of famous and respected high street names ranging from Selfridges to Olympus Sport. Together with their strong presence in licensed betting, housebuilding and property investment, you'll find a current Group turnover in excess of £2,500 million.

Sears Financial Services is an established part of the Group, involved in the control and development of Sears credit card. The card can be used in over 1,500 high street shops. Sears Financial Services now require a recently qualified accountant to join the small team in London, and further develop the management accounting function.

Reporting to the Managing Director, your main duties will involve the introduction of financial and management accounting packages on an IBM PC, including model building. In addition there will be on-going involvement with operating companies in developing management accounting systems for the card operation and working on ad hoc projects for the Managing Director.

As a qualified accountant, aged mid 20s, you'll need sound commercial awareness, self-motivation and entrepreneurial flair. Experience in the retail sector would also be very useful.

This is an exceptional opportunity to make a positive contribution to the growth and success of a dynamic young organisation.

Career development is encouraged throughout the Group, and you'll find an outstanding range of benefits, that includes a pension scheme, free BUPA, 5 weeks' holiday and discounted shopping.

Please write with a full CV to Sheila Stirling, Personnel Executive, Sears plc, 40 Duke Street, London W1A 2HP. Alternatively telephone 01-408 1180.

Sears
Financial Services Limited

GROUP FINANCE DIRECTOR

CITY
AGE 35-45 YEARS
SALARY CIRCA £50,000
PLUS ATTRACTIVE BENEFITS

Bunge & Co Ltd are part of a major privately owned international Group with substantial UK interests which include international commodity trading, agricultural merchanting and edible oil processing and distributon, turning over £1bn pa.

Whilst the Group has hitherto been run on a highly decentralised basis a recent review has perceived the need to establish a small central team of Group executives in which the Finance Director will have an opportunity to make a key contribution.

Reporting to the Group Managing Director, he or she will monitor and control the financial and business performance of the UK Group companies including having the responsibility for the introduction of new systems to ensure better utilisation of Group resources.

Applicants who must have a recognised accountancy qualification and preferably a degree, should also have longer term aspirations and the potential to progress to a senior general management position in the Company.

Please send a comprehensive CV including full details of your remuneration package to

John Bishop
Director Human Resources
Bunge & Co Ltd
Bunge House, St Mary Axe, London EC3A 8AT.

Investment Accountants

Discover growing success in the unit trust arena

As one of the fastest growing companies in the financial sector TSB Trust Company has a reputation for exciting and successful ventures. However even by our standards, our unit trust department is something special.

In the few years since 1980, we've built up the number of trusts under our control from three to twelve with more planned over the coming year. At the same time, other funds under management have increased dramatically. Over the last 12 months alone the amount invested in our unit trusts has risen by around 54%.

If you have experience in the investment accounting field, we can offer you the chance to share in our success. Ideally, you'll also have a working knowledge of unit trust taxation though here training is available, if necessary.

Unit Trust Accountant

c£21,000 package

Reporting to the Manager, Investment Administration, it'll be up to you to develop, maintain and manage efficient investment accounting systems and procedures for the unit trust funds we control.

In this role an accountancy qualification isn't strictly necessary though you must have a solid background of experience in the investment accountancy field. The ability to make decisions swiftly and to work to tight deadlines is also essential whilst you should be familiar with computer systems.

Assistant Unit Trust Accountant

c£15,000 package

You'll be responsible to the Unit Trust Accountant, developing and maintaining consistent accounting procedures for our range of unit trusts. In addition to providing this specialist investment accounting and taxation support, it will also be up to you to ensure that our systems are being used as effectively as possible, introducing new technology where appropriate.

As much of your work will be conducted on a project basis, you must be able to organise tasks on hand to meet tight deadlines. You'll also need to have several years experience in an investment accounting environment, during which you've acquired considerable technical expertise.

In both cases, you'll receive an assisted mortgage, profit-share, Christmas bonus, non-contributory pension scheme, subsidised restaurant facilities and use of our active sports and social club. In addition, the Unit Trust Accountant receives free BUPA. You'll also enjoy excellent career prospects when you join one of the fastest growing departments within a swiftly expanding company which is part of the TSB Group.

For an application form, please telephone or write to Pauline Dunn, Personnel Dept, TSB Trust Company Limited, Charlton Place, Andover, Hampshire SP10 1RE. Telephone Andover (0264) 56789 ext 2161.

TSB TRUST COMPANY

DEPUTY FINANCE DIRECTOR

London **£45,000 + car**

One of the UK's most successful printing groups, St Ives has an outstanding growth record in terms both of turnover (currently c £100 million) and of profits. The Group now wishes to strengthen its management team by appointing a high calibre financial executive who should have the potential to earn a place on the Board within two or three years.

The successful candidate will undertake broad responsibilities with a particular initial emphasis on developing group financial controls and management reporting procedures in line with the continuing rapid expansion of the business. There will be close involvement both with existing subsidiaries and with further acquisitions.

Applicants, preferably aged 35 – 45, must be Chartered Accountants with the proven ability to provide timely, accurate and reliable financial information. They should have sound experience of exercising tight controls at group level in a fast-moving environment.

Please send a comprehensive career résumé, including salary history and day-time telephone number, quoting ref: 2843 to G. J. Perkins, Executive Selection Division.

Touche Ross

The Business Partners

Thavies Inn House, 3/4 Holborn Circus, London EC1N 2HB. Tel: 01-353 7361.

Can You Handle New York?

£25,000 + car **Commodity Trading**

Our client is a privately owned firm of UK Commodity & Futures Traders with offices in both London and New York. They now wish to recruit a young "trouble shooting" Accountant in order to meet the demands of their continuing program of expansion in all product areas.

Reporting to the London Financial Controller, duties will involve a wide range of non-routine matters as well as the implementation of all Accounting, Reporting and Systems Development projects for their US based trading activities, which will involve frequent travel to New York. In addition you will also be expected to play an important role in the review and appraisal of new ventures and potential acquisitions.

Candidates (aged 24-30) will be qualified and able to demonstrate a successful academic and career history to date and have gained considerable systems experience within either Financial Services/Commodities or Audit. They must also have the confidence, flexibility, flair and initiative necessary to meet the continuing challenges this position offers.

For further information, please write enclosing career details or telephone Martin Krajewski.

FIRTH ROSS MARTIN ASSOCIATES, WARDGATE HOUSE, 59A LONDON WALL, LONDON EC2M 5TP TELEPHONE 01-6282441

Firth Ross Martin

Financial & Professional Selection Consultants

RILEY

SALES ACCOUNTANT

An International Role

West of London

c£17,000

Our clients, a major multi-national manufacturer of sophisticated electronics equipment, are now looking for a talented Accountant to manage the financial and commercial activities associated with sales accounting for the UK and Middle East and European distributors.

In this challenging role, based west of London, you will be responsible for the recording of all UK invoices and inventories, along with the provision of management information on all relevant areas of sales accounting, with particular emphasis on reducing working capital.

A Graduate Accountant aged 25 to 35 with 2-3 years' commercial experience including documentary collections, you should possess the ambition, in time, to widen your responsibility and develop your career within this successful and rapidly expanding organisation.

On top of a competitive salary of c£17,000, you will receive an attractive range of benefits including free private medical insurance, with subsidised discounts for your family; pension scheme with free life and accident cover; subsidised staff restaurant and 25 days' annual holiday.

To apply, please write, quoting ref FT/298, to Karen Sale, Riley Advertising (London) Limited, Rex Stewart House, 159 Hammersmith Road, London W6 8BS.

Please list separately any companies to whom your application should not be forwarded.

London Aberdeen Birmingham Bristol Edinburgh Glasgow Manchester Newcastle Nottingham

Finance director

West Midlands, c£30,000 + car

C&L

This senior appointment is with a £35 million turnover division of a major British plc, which manufactures a range of sophisticated electronic equipment for defence and industrial applications. Soon to consolidate on two sites, the business has extremely good growth potential.

Your role will be to take total responsibility for the Divisional Finance and Accounting function. A key responsibility will be to provide professional support and advice to the Divisional Managing Director. This will relate to all areas of the Division's operations and the financial implications of any proposals or decisions, contributing to the maximisation of profit and return on investment. There will be an ongoing need to strengthen control and to ensure the continuous development of management information systems.

Aged up to 40 and a qualified accountant, you will ideally have an engineering manufacturing background. Experience in a contracting environment would also be an advantage. You should have a strong sense of commercial awareness and the ability to be a leading strategist in the direction of the business.

The remuneration package has the flexibility to accommodate exceptional performers. Write, enclosing a career résumé which includes an indication of present salary, to David Owens, Ref. D251.

Coopers & Lybrand Executive Selection

Coopers & Lybrand Executive Selection *Limited*

43 Temple Row
Birmingham B2 5DT

Director of Finance & Administration

London **Negotiable package to £70,000**

To maintain their impressive growth record in the legal profession, our Client has identified the need to appoint a Director of Finance and Administration to become part of the senior management team of 3, alongside the Managing and Senior partners.

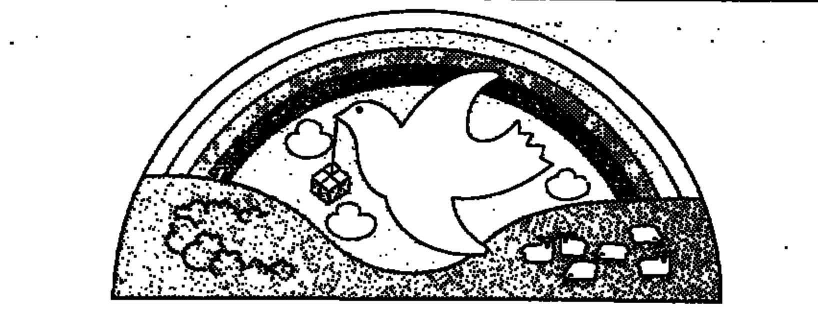
In this new era of the Firm, which employs some 260 people, the Director will play a key part in developing an already successful, profitable business with a particular remit to enhance the quality and efficiency of all support services to fee earners.

Candidates will be senior professional managers with sound commercial experience. They are likely to be qualified accountants aged late 30's to middle 40's who can demonstrate outstanding communication skills and be of an independent mind, whilst commanding the confidence of Partners to lead a management team of diverse skills.

Please write in confidence to Peter Willingham, quoting Reference LM897, enclosing your CV, current salary package and daytime telephone number, at Spicer and Pegler Associates, Executive Selection, 13 Bruton Street, London W1X 7AH.

Spicer and Pegler Associates

Executive Selection



FINANCIAL CONTROLLER

Rural Sussex **£25,000** **Bonus** **Car**

Clothkits is a highly successful, rapidly growing home shopping and retailing company. Its hallmark is innovation in fashion design and marketing.

A Financial Controller with the right blend of accounting expertise and commercial awareness is sought. Reporting to the Managing Director the role will involve total management of the Finance function and a full contribution to the strategic development of the company. For the right person future responsibilities and rewards have been identified.

You should be a qualified accountant and have assumed real responsibility for financial matters in a progressive career. You are likely to be in your thirties, with a background in retailing, fashion or f.m.c.g.

Experience in the use and development of computerised information systems will be expected.

The personality and strength of character to achieve successful change through and with other people is a vital element of the job.

The culture of the company is characterised by reward through achievement and co-operation through commitment by all of its employees. The working environment and location are very attractive as you would expect in a pretty Sussex town close to the countryside and the sea.

Please send details of yourself and your career, to Helen Bomford, Personnel Director, Clothkits, 24 High Street, Lewes, East Sussex, BN7 2LB.

clothkits

Ambitious Financial Controller

London. £25,000+ with Car

This progressive, fast growing, international Commercial Estate Agents with investment, development and commercial departments is consolidating its operations to cope with its continuing growth. The company has adopted an aggressive acquisitions policy and is looking towards a UK listing in the short term.

In line with this, the need for a more comprehensive and professional management accounting function has been identified along with the need to upgrade where necessary existing computer systems. A new Financial Controller, who will be an important member of the senior management team, is required to play a central role in the company's expansion and acquisitions programme as well as controlling the accounts department. The position will ultimately lead to a Board appointment.

To achieve the expected Board status you will be a qualified Accountant, aged in your late 20's/mid 30's, with experience gained from within a commercial background. For the self-starter with the desire to succeed, man-management ability and the computer/systems knowledge to develop existing systems, this represents an outstanding opportunity for an interesting career within a rapidly expanding environment.

In addition to an attractive salary, car and other substantial benefits, the position will also involve some international travel.

Applications, giving full personal and career details should be submitted, quoting *reference SHA.1041, to Roger W. Hughes at Stoy Hayward Associates, Executive* Recruitment Division, 8 Baker Street, London W1 1DA.

SH **Stoy Hayward Associates**

MANAGEMENT CONSULTANTS

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City Treasurer

Up to £25k plus benefits and September review

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The Council has a revenue budget of £35m, net expenditure level of £7.4m, a capital programme of £17m and a debt of £75m. The Finance Department has ninety-eight staff.

If you have top public sector financial and corporate management skills and if you are an effective team leader, come and realise your potential here.

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For a discussion about the job, the Council, the City, speak to Geoffrey Datson, the Chief Executive (ext. 2100) or Michael Ball, the Deputy Chief Executive (ext. 2416).

Closing date 12th October 1987.

City of Cambridge

An equal opportunity employer

Head of Corporate Research

Berkshire

Our client, a leading electronics and engineering company, seeks a self-motivated and enthusiastic individual to fill the newly created post of Head of Corporate Research.

Reporting direct to the Board, the successful candidate will be responsible for a wide range of assignments ranging from research of competitors' operations to the search for suitable companies for acquisition on an international basis.

He or she will probably have a formal qualification in business and finance and some industrial, business or other relevant experience. Principally, however, the candidate will be self-motivated in the quest for information and capable of working with external consultancies, agencies and other sources of research.

A most attractive and realistic remuneration package will be offered to the right person.

Initially, please send a brief career resumé, quoting ref 1517 to: Trevor Austin, Binder Hamlyn Management Consultants, 8 St. Bride Street, London EC4A 4DA.

COMMUNICATIONS

FINANCE DIRECTOR

£30k + Car + Package

Convergent Communications is the U.K. market leader in interactive video communications and systems. They provide consultancy on information technology strategy and produce and install a range of system solutions which include Customer Information and Point of Sale, Employee Training and Communications, Public Information and Education, and Cable Television, for a prestigious client base which includes many of the Top 100 U.K. companies.

The Company, which has seen a spectacular gross in its business over the past few years, now needs a replacement for its current Finance Director who is due to retire within the next few months.

Applicants for this Board level appointment should be suitably qualified and experienced and able to fit into a highly motivated, energetic and successful commercial operation.

Location: Covent Garden. A generous remuneration package will include assistance with relocation expenses if required.

Please send applications—CV plus three references—to:

Jonathan Welfare of Oxford Venture Management by 8 October.

Oxford Venture Management

213 Woodstock Road Oxford OX2 7AD Tel: 0865 53535 Fax: 0865 512976

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GRADUATE ACA/CA's 22-28

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If you think you're EXCEPTIONAL, please contact:

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1-3 Mortimer Street
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Accountancy Appointments Europe

ADMINISTRATION MANAGER

c. £20,000 p.a.

—located London Bridge—

A small but progressive and expanding company authorised as dealers in Securities is seeking an accounting trained administration manager.

The successful candidate will assume responsibility for all aspects of the administration and accounting functions. Experience with a stockbroker or similar organisation will be of a distinct advantage.

The company, a member of F.I.M.B.R.A. is a subsidiary of a PLC providing corporate and financial services and therefore group career prospects are excellent.

Please apply with full C.V. to Box A0684, Financial Times, 10 Cannon Street, London, EC4P 4BY.

SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday October 1 1987

Investment group sells Sybron for $390m

By Our Financial Staff

FORSTMANN LITTLE, a private investment company which specialises in buyouts, has entered into a definitive agreement to sell Sybron, a medical and dental products group which has been reshaped since being taken private, for $390m.

The buyer is a corporation formed by Dallas-based Hicks & Haas, Donaldson Lufkin & Jenrette Securities and certain members of management. The transaction, which is scheduled to be completed in October, is for $375m cash and $15m of junior preferred stock in the acquiring company.

THE BOARD of J.C. Penney, the US retailing group, has authorised the repurchase of up to 15m shares, or about 10 per cent of its outstanding common stock.

The company said the purchases, which would cost about $890m at Tuesday's market prices, would be made periodically on the open market.

GENERAL MOTORS' Hughes Electronics subsidiary said it paid $105m for the previously announced acquisition of M/A-Com Telecommunications (MTel).

Hughes said MTel's sales last year were $120m. The acquired company will be renamed Hughes Network Systems.

CHRYSLER, the third largest US motor group, has bought an equity position in California-based Automation Technology Products for an undisclosed amount.

Chrysler also said the two companies agreed to form a strategic relationship to accelerate solid modelling technology for the automaker's computer-aided design and manufacturing activities.

S. African IBM trust in deal with Barlow Rand

BY ANTHONY ROBINSON IN JOHANNESBURG

THE CREATION of a major new company controlling 70 per cent of the South African mainframe computer market will allow IBM to be repaid for the loan it advanced to finance a management and employee buyout of its South African subsidiary in October last year.

The new company, to be called Technology Systems International Ltd (TSL), will be a joint venture between Barlow Rand, which markets Hitachi computers through its 80 per cent owned Reunert Computers subsidiary, and Information Services Management (ISM) controlled by the IBM financed trust company.

IBM pulled out of South Africa in October last year and financed the sale of its formerly 100 per cent owned subsidiary to a trust fund representing management and employees.

Payment for its former assets was to be made over time from the profits of the new South African-owned company which markets and services IBM products in the country.

Under the terms of the present deal, Reunert shareholders will receive 32 per cent of TSL when the new company is listed on the Johannesburg Stock Exchange next year. Barlow Rand, with 80 per cent of the Reunert shares, will thus control 26 per cent of the new company.

Reunert itself will have no stake in the new company. It is to shed the computer interests which currently account for 60 per cent of its turnover and will revert to being an electronics, electrical and communications company.

ISM will hold a similar stake in TSL so the two companies will hold jointly a controlling 52 per cent in the computer interests of the two companies which last year had a combined turnover "in excess of R1bn" ($483m).

Some 42 per cent of the remaining shares in TSL will be held by ISM and 6 per cent by Reunert minorities. When the new company is listed ISM will sell its surplus shares in order to repay the IBM loan.

The new company will be controlled through a private holding company to be chaired by Mr Ken Geeling, the present chairman of ISM. Both IBM and Hitachi have given their assent to the new company which will "remain entirely separate operating entities retaining their current management structures, supplier relationships and agreements" said Mr Derek Cooper, the Barlow director who will be executive chairman of the new company.

The areas of joint development will be mainly in the fast growing peripherals and software markets where "the new company will use its financial resources to pursue new investment and development opportunities in the information technology industry," he added.

Bank of Nova Scotia plans to buy large investment dealer

BY DAVID OWEN IN TORONTO

THE BANK of Nova Scotia, Canada's fourth largest bank, has moved to bolster its presence in the recently deregulated domestic securities industry by agreeing in principle to acquire full ownership of McLeod Young Weir, the country's fifth largest investment dealer.

The deal involves all McLeod's current shareholders, including Shearson Lehman Brothers which holds a 30 per cent stake and Claridge Investments, the Bronfman-controlled firm which has a 19.9 per cent interest.

No price for the deal, which will require regulatory approval in both Canada and the US, was announced. However, Shearson Lehman said that it expects to realise a pre-tax profit of some US$48m on the sale of its holding.

Shearson first purchased 10 per cent of McLeod, whose distinctive yellow and black tartan jackets are a well-known feature of Canadian stock exchanges, in 1982, prior to increasing its stake to the present level earlier this year.

According to Mr Jeffrey Lane, Shearson president, the company's decision to divest "is based solely on the economics of this transaction."

Scotiabank blazed a trail into the domestic securities business last November when it established Scotia Securities in Quebec. Other bankers have since credited this move with sparking quick action from Ottawa and provincial governments to open the securities industry to banks, trust and insurance companies and foreign entities.

All the big five Canadian banks with the exception of the Royal Bank of Canada have now announced arrangements to enter the brokerage business.

Bank of Montreal has bought control of Nesbitt Thomson, while the Canadian Imperial Bank of Commerce chose to form a joint venture with Gordon Capital.

Fibres and chemicals give boost to Snia

By Alan Friedman in Milan

SNIA, the defence, fibres and chemicals group controlled by the Fiat group, yesterday unveiled a 5.8 per cent rise in gross operating profits for the first half of 1987, to L80.9bn ($61.8m).

The profit, struck on turnover which was up 2 per cent to L1,253bn, represents an operation margin of 6.5 per cent.

For the whole of last year, Snia recorded a 28 per cent decline in its group net profit, to L68bn. At the gross profit level the 1986 result was L121.2bn on consolidated group turnover of L2,421bn.

While Snia's defence and space division made a loss in the first half of this year, its turnover rose 18.5 per cent to L287bn, against the equivalent period of 1986.

The fibres, chemicals, bio-engineering and textiles divisions, taken together, produces a gross profit which was 12 per cent higher in the first six months of this year at L114bn.

Snia, chaired by Mr Cesare Romiti, Fiat managing director, is 43 per cent owned by Fiat. This year Snia is being fully consolidated into the Fiat group's balance sheet.

The company said last June that it did not require 51 per cent to consolidate Snia because of a clause in the guidelines of Consob, the stock-market authority, that allows consolidation on the basis of "de facto" control.

● Unicem, the cement-maker controlled by the Agnelli family's holding company, made a L35bn pre-tax profit for the first half of 1987. The profit was struck on L268bn of turnover. Consolidated Unicem turnover for the whole of 1986 totalled L570bn.

Scottish & Newcastle in new bid for UK brewer

BY LISA WOOD IN LONDON

MATTHEW BROWN, the Blackburn-based brewer of Theakston Bitters, has rejected a £194m ($310.5m) takeover bid by Scottish & Newcastle (S & N), Britain's sixth biggest brewer which already holds a 29.7 per cent stake in the regional brewer.

The bid is the third attempt by Scottish & Newcastle to secure Matthew Brown. On the last attempt, in December 1985, it narrowly failed when the Takeover Panel ruled that a decisive four per cent of acceptances of its offer for Matthew Brown arrived too late.

S & N is offering 3 of its shares for each Matthew Brown share, valuing each share at 783p with a cash alternative. S & N's shares closed yesterday at 261p each, down 1p each.

Mr Alick Rankin, chief executive of S & N said yesterday: "We will win this time because the strategic logic of what we said last time was broadly accepted.

"The price at the last bid was generous and we got more than 50 per cent of acceptances from shareholders. Since then things have gone more our way than Matthew Brown's. The price we are offering will leave shareholders convinced that this is so."

Mr Patrick Townsend, chairman of Matthew Brown, who led a spirited defence against S & N in 1985 said yesterday: "It remains the board's strong conviction that the continuing independence of Matthew Brown is in the best interests of its shareholders, employees, customers and of the public at large."

Matthew Brown, with some 520 tied public houses operates mainly in north-west England and north Yorkshire.

S & N, whose stronghold is Scotland and the north east, wants to increase its tied public houses, thereby increasing guaranteed outlets for its beer. In addition it sees its nationwide distribution network as offering growth opportunities for Matthew Brown brands.

S & N said yesterday it did not expect the bid to be referred again to the commission.

Sandvik makes two acquisitions

BY KEVIN DONE IN STOCKHOLM

SANDVIK, the Swedish cemented carbide and special steels group, has acquired two cemented carbide companies one in the UK and one in Denmark.

It is taking over Carboloy in the UK and Danit in Denmark. Carboloy, which was earlier owned by General Electric of the US, had sales last year of SKr110m ($17m). It has two plants in the UK with a workforce of about 240.

Danit has plants in Denmark and the US and subsidiaries in the UK, West Germany, Italy and Sweden. It has sales of SKr180m and a workforce of 350.

Sandvik said the acquisitions were aimed at strengthening the group's position in the high-volume sector of cemented carbide bulk products.

Danit makes cemented carbide products for the wood-working industry, and hammer drill and masonry drill tips. Carboloy's speciality is in cemented carbide rods.

Sandvik is the world's largest maker of cemented carbide products including tools for metal cutting and rock drilling.

● Swedish Match is closing its loss-making cardboard packaging subsidiary, the Stockholm-based Rinaldo and Johansson which has been losing money in recent years.

The company, part of Swedish Match's packaging division, has 154 workers and will probably close next year, the company said.

Crédit Lyonnais earnings up 44%

BY OUR FINANCIAL STAFF

CREDIT LYONNAIS, the French state-owned bank, increased net profits in the first half of 1987 to FFr1.19bn ($194m), up 44 per cent from the first half of 1986.

The latest results represent a gain of 31 per cent by comparison with half of the full 1986 profits, which the bank regards as more significant because of changes in accounting procedures.

Strong growth in lending activity in the domestic market compensated for the erosion of margins, the bank said. Total French loans rose by 10 per cent in the twelve months ended June 30, with personal loans showing a 27 per cent increase.

The biggest gains in operating profits, however, came from capital market and overseas subsidiaries.

Consolidated operating profits rose to FFr5.2bn in the six months.

Rustenburg Platinum upgrades forecast

RUSTENBURG Platinum Holdings, the western world's largest platinum, said yesterday that better-than-expected results since June should result in a 10 per cent rise in after-tax profits in the six months ended December 31, 1987.

Mr Pat Retief, Rustenburg's chairman, said in his annual review at the beginning of September that profits for 1987 should be maintained in the 1988 financial year, ending June 30, 1988. However, at the AGM yesterday he said first-quarter results were better than implied by the forecast made in the review. He said, if these results persist, after-tax profits in the current six months should show an increase of some 10 per cent from those achieved a year earlier.

This implies after-tax profits of about R215m ($103.6m) compared with R195.8m in the six months ended December 31 1986.

Platinum analysts on the Johannesburg Stock Exchange said Mr Retief's forecast was in line with their expectations of earnings after tax, attributable to shareholders, of about R412m in fiscal 1988, up 11.9 per cent.

Analysts attributed Rustenburg's revised forecast to improving platinum prices. While the platinum price averaged $525 an ounce in the second half of 1986, the price is currently around the $580 an ounce level, having reached over $630 an ounce at the beginning of August.

Tateho may prompt changes in law

BY OUR FINANCIAL STAFF

AN INQUIRY by the Osaka Stock Exchange has been unable to discover any concrete evidence of insider trading in connection with the losses suffered by Tateho Chemical Industries, but its investigations may lead to a clarification of existing law.

The inquiry investigated the avalanche of sales of shares in Tateho which took place in August, before the revelation on September 2 of the company's Y28bn ($191m) loss on the bond futures market sent the company's shares spiralling.

But OSE officials said the investigations were hindered because the ambiguity of existing securities legislation makes the satisfactory definition of insider trading extremely difficult.

Officials said the OSE is satisfied that illicit transactions by securities company executives or major stockholders, as prohibited under articles 50 and 189 of the Securities and Exchange Act, did not occur in the days before the announcement of Tateho's problems.

The OSE inquiry found that the heavy selling was not concentrated in any particular region and that no spouses or relatives of any Tateho executives sold company shares.

However, the failure of article 58 of the law adequately to define what constitutes unlawful behaviour has left the OSE unable to locate any categorical evidence of insider trading. The OSE is scheduled to report its finding to the Ministry of Finance next week.

Securities analysts believe the ministry may draft a bill designed to amend the Securities and Exchange Act in order to clarify the meaning of insider trading.

They said Japan, where no insider trading case has ever been disclosed, is already under fire from foreign investors and traders who allege the country is a safe haven for unlawful traders.

● Japan's way of accounting bond futures may have to be reconsidered as yen bond trading grows increasingly international, Reuter reports from Tokyo.

Japanese methods were first brought into question in September when Tateho Chemical Industries disclosed losses of over Y28bn from bond futures trading. Tateho was thought to have held open positions of about Y400bn in the futures market, according to Tokyo bankers.

Japan uses a close-out basis of accounting, which means unrealised gains or losses are not required to be recognised in the books. Only realised gains or losses need to be listed when positions are closed no matter how large the open positions held by companies. Japanese accounting methods are based on temporary guidelines adopted in October 1985 by the Japanese Institute of Certified Public Accountants, and have not been reviewed since.

But when yen bond futures trading starts in the US, Japanese firms will use American standards in the US and Japanese standards at home, intensifying the pressure to change. The US uses an accounting system in which unrealised gains or losses from futures trading are included in current income statements.

Taft and Hardie drop CEL bid

A TAKEOVER bid by Taft Broadcasting Corp of the US and James Hardie Industries of Australia for Communications & Entertainment (CEL) of Australia has failed, Reuters reports from Sydney.

The A$42.2m bid was topped last week by a A$47m bid from Quatro, another Australian concern.

Quatro raised its stake in CEL to 45 per cent on Monday and lifted that holding to 50 per cent on Tuesday. It announced a 67 cents-a-share bid for CEL last Thursday and increased the price to 70 cents on Friday.

CEL is a film and home-video distributor.

West Point-Pepperell sells carpet division

BY OUR FINANCIAL STAFF

WEST POINT-PEPPERELL, the Georgia-based textile group, has reached agreement in principle to sell its carpet and rug division assets to Shaw Industries, the largest US carpet manufacturer, for an undisclosed price.

West Point said the move would enable it to concentrate its efforts on more profitable textile and apparel lines, and provide funds for expansion into these areas and for other corporate purposes.

The company said the transaction is expected to be completed in early November and is estimated to produce a small increase in profits for fiscal 1988. Its previous fiscal year ended on September 26.

West Point said its carpet and rug division had sales of $275.3m for the nine months ended June 27, which included $7.5m attributable to Arthur Sanderson and Sons, its UK unit, which is not part of the sale.

For Shaw, also based in Georgia, the purchase represents a significant expansion. Revenues and net profits in the year to June 1986 were $550m and $24.1m respectively, and have been rising since as a result of greater replacement sales, cost-cutting and a lower tax rate.

Fletcher buys Golden Bay Cement stake

WINSTONE, a New Zealand-based building materials supplier, will sell 50 per cent of Golden Bay Cement Company to Fletcher Challenge (FCL), Reuter reports from Wellington.

Mr John Ede, Winstone's managing director, said FCL has purchased 27.77m ordinary shares at NZ$1.26 per share and 100 preference shares at NZ$126,000 each.

He said the price was the same as Winstone paid for all of the capital of Golden Bay Cement in a bid for the company. The Winstone full takover offer for Golden Bay, made on May 22, closes on October 22.

Winstone, a Brierley investment unit, said it would then move to compulsorily acquire the remaining shares. Winstone currently holds 98 per cent of Golden Bay. The transfer of the 50 per cent stake to FCL would take place after the compulsory acquisition.

"The decision by Winstone to sell half off its newly acquired holding in Golden Bay is part of the restructuring of the construction input industry which is occurring as a result of the Government's deregulation of the economy,' Ede said.

Mr Hugh Fletcher, FCL's managing director said a jointly owned operation would improve the ability to restructure and bring benefits to the construction industry. FCL and Winstone both have Commerce Commission approval to purchase up to 100 per cent of Golden Bay.

Heinz puts Zambia plan on ice

BY VICTOR MALLET IN LUSAKA

ZAMBIA'S RECENT decision to reverse the programme of economic reforms pressed on it by the International Monetary Fund has buried for the foreseeable future a rare proposal for foreign investment in the country.

Earlier this year HJ Heinz, the US foods company, agreed to buy 49 per cent of an edible oil plant in Lusaka from Indeco, the Zambian state-owned conglomerate. Under the deal Heinz, keen to invest in sub-Saharan Africa, was to put up an initial $1.5m and receive an annual fee for managing the company.

At the time Heinz said it hoped the new joint venture would be allowed to charge appropriate prices for its products, but in May President Kenneth Kaunda broke with the IMF and did an about-turn on economic policy. Official prices of basic goods - including cooking oil - were frozen or reduced and the local currency, the kwacha, was revalued.

A visit to Zambia this month by discouraged Heinz executives has failed to resolve the problems posed by the new policies and the project is to be shelved. The Indeco board is expected to meet next month to discuss the issue, but it is unlikely that it will be able to persuade the government to change its policies radically enough to revive the agreement. The abandonment of the Heinz proposal further underlines the gloomy prospects for the country's economy.

The negotiations have brought to light several of the difficulties faced by companies attempting to invest in Africa, including a lack of confidence in the continuity of government policy.

Heinz, aware that the developing countries' share of world GNP was increasing and that it had no production facilities in Africa, wanted to branch out. The company looked at Zimbabwe - where it entered into a joint venture with the government in 1982 - and Botswana as well as Zambia.

The Zambian proposal has been put on ice not only because of the revaluation of the kwacha and the fixing of consumer prices, but also because of Heinz's uncertainty about the availability of foreign exchange for remittances abroad and for inputs.

Bank venture buys broker

NATIONAL MUTUAL- Royal Bank of Australia, a joint venture between Royal Bank of Canada and National Mutual Life Association of Australasia has acquired all the shares in Capel Court Powell, an Australian stockbroker, AP-DJ reports from Melbourne.

The bank, through its Capel Court investment banking unit, acquired half the brokerage last year, when it was named TC Powell & Partners.

Bridge Oil in profit at six months

BY OUR FINANCIAL STAFF

BRIDGE OIL, an Australian energy and resources group, yesterday announced consolidated operating profits of A$10.2m (US$73.4m) for the six months to June 30, compared with a loss of A$4.1m in the same period last year. Overall revenues amounted to A$37.1m against A$35.87m.

As well as its Australian oil and gas operations, the company owns 37 per cent of the Aredor diamond mine in Guinea, where rising diamond prices - up from an average price of $238 to $284 - brought increased revenues.

The company also disclosed an unrealised gain on foreign exchange of A$10.6m which has not been taken into account in this half's results, but may be when new accounting standards come into effect on January 1

INTL. COMPANIES & FINANCE

Statoil profit gains fail to quell criticism of board

BY KAREN FOSSLI IN OSLO

NORWAY'S STATE oil company, Statoil, continues to make strong financial gains at a time when its management has come under heavy criticism from politicians because of mismanagement of a big refinery and terminal expansion project.

For the first half of 1987 group sales have risen to NKr26.4bn compared with NKr22.3bn in the same period 1986. Before extraordinary items, profits increased to NKr4.3bn($641.7m), against NKr3bn in the first six months of 1986.

Statoil's first half-year profit advances, however, are being over-shadowed by revelations that the company has exceeded the budget for the expansion and upgrading of its Mongstad oil refinery and terminal by a full 60 per cent.

Norway's state coffers will suffer a direct loss as a result of the budget overshoot. It will reduce earnings from Statoil to the state by NKr3.8bn. Norway's politicians - from Mrs Gro Harlem Brundtland, the prime minister,to parliamentary leaders - are shocked by the news, and demands for the replacement the entire board are being increasingly heard in public.

Mr Arve Johnsen, Statoil's president, says that he will not step down as the company's leader. Mr Arne Oeien, the Oil and Energy Minister, has also come under heavy fire and is being accused of covering up the disclosure until after Norway's local elections which were held two weeks ago.

Statoil advised the energy minister in July that there would be a significant budget overshoot. But at that time a figure of only NKr2bn was estimated.

The budget overshoot is being described as one of Norway's biggest industrial scandals and has also brought up the question, yet again, of the benefits that could be had from semi-privatisation of Statoil, based on the Norsk Hydro model.

Proponents of the idea say that some level of public share issue by Statoil would relieve some of the state risk involved as a result poor management decisions.

The Norwegian parliament is to address the matter in its current autumn session.

The Mongstad expansion project has met with oppostiion from sceptics since its inception its inception in 1984. Many industry observers have long believed that the project was not economically viable.

Pemex may take Repsol stake

BY TOM BURNS IN MADRID

REPSOL, SPAIN'S newly created state-owned oil company, is conducting negotiations which may lead to Pemex, the Mexican state oil monopoly, taking a 10 per cent shareholding, possibly by the first quarter of next year.

Mr Oscar Fanjul, Repsol's chairman, said he hoped that up to 39 per cent of his group's equity would be offered on the Madrid bourse by the end of next year.

Combined with a share sale to Pemax, the flotation in Spain would reduce to 51 per cent the shareholding held by Instituto Nacional de Hidrocarburos (INH).

Repsol, which was officially launched yesterday, is an integrated corporation which brings together the main drilling, refining, petrochemical and distribution companies that had hitherto existed separately under the INH umbrella.

The constitution of Repsol is a response to the deregulation of the Spanish oil and energy markets following Spain's entry into the European Community. Repsol plans to build a network of 1,000 petrol stations in Spain by 1992 and proposes to expand its distribution outlets to Portugal, France and the UK.

Repsol has a 60 per cent shareholding in Campsa, the leading Spanish oil distribution company, which has also recently announced a large-scale expansion of its network in advance of deregulation.

Repsol Exploracion, the company's drilling arm which was formerly known as Hispanoil, plans to spend $1bn over the next two years on the acquisition of proven oil reserves in Indonesia, Colombia, Ecuador, Angola, Gabon and Egypt as well as in the North Sea.

Mr Fanjul, 38, and was promoted from under-secretary at the Industry Ministry two years ago to steer throught the rationalisation of INH, said the potential agreement with Pemex reflected a longstanding relationship with the Mexican company.

Both Repsol and Pemex are shareholders in the Petronor refining plant based in northern Spain. Repsol Petroleo, Repsol's refining operation, receives 25 per cent of its supplies from Pemex.

Danish banks clash with government

By Hilary Barnes in Copenhagen

DANISH BANKS are resisting government demands that they provide unlimited guarantees to depositors in cases of bank failure.

The response from from Mr Nils Wilhjelm, the Industry Minister, has been to warn banks that if they do not agree to a voluntary system he will impose depositor guarantees on the industry by law.

The dispute mostly arises from the closure of the 6 Juli Bank, a small regional bank, in March this year when only strong political pressure prevented thousands of small depositors from losing their money.

The Bank Association wants a limit of DKr2bn ($285m) on guarantees to depositors, covering deposits of up to about DKr200,000. The Industry Ministry is calling for outright guarantees.

The association believes that a no-limits guarantee would imply the expropriation of shareholders' rights and also raises problems as to what provisions individual banks should make against such guarantees.

Ommeren in Fl 208m trading group takeover

BY LAURA RAUN IN AMSTERDAM

VAN OMMEREN, the Dutch shipping and storage concern, plans a friendly takeover of Ceteco, a Dutch trading group, through a public tender offer in equity and cash worth a total of Fl 208m ($100.6m).

The takeover, if it succeeds, would be one of the larger ones in recent Dutch history and create a transport and trading group called Van Ommeren Ceteco with annual turnover of Fl 2bn. Both Van Ommeren and Ceteco have been hit by the weakness of the dollar and the plunge in shipping markets.

Mr W. H. Brouwer, chairman of Van Ommeren, said that the tender offer would comprise five newly issued Van Ommeren shares plus Fl 100 in cash for each Ceteco share.

Mr Brouwer explained that Van Ommeren, which is based in Rotterdam, is looking to Ceteco to fill out its trading activities, which involve foodstuffs, chemicals, pharmaceuticals and durable goods.

Ceteco, based in Amsterdam, also is involved in chemicals, construction materials, textiles, durable goods and consumer products.

Van Ommeren Ceteco, if it comes to fruition, expects to report net income of Fl 45m this year, down 15 per cent from a pro forma Fl 53.2m.

Great Northern suffers loss

GREAT NORTHERN, the holding company for a group of electro-technical companies, reports a first-half loss of DKr9m ($1.27m) compared with earnings of DKr57m in the same period last year. Turnover fell from DKr1.3bn to DKr1bn, partly as a result of disposals, writes Our Copenhagen Correspondent.

The operating profits for this year as a whole are not expected to reach last year's DKr23m and the net, after tax result will be significantly lower than last year's DKr81m.

The group has suffered from heavy losses in its hearing aid division and there have been problems with introduction of new telephone manufacturing technology.

Trelleborg may bid for Boliden minority

By Kevin Done, Nordic Correspondent in Stockholm

TRADING IN the shares of Trelleborg, and Boliden, its majority-owned mining, metals and chemicals subsidiary, was suspended yesterday on the Stockholm stock exchange.

The boards of the two companies are to meet on Friday.

The Trelleborg share price has jumped dramatically this week and may have forced yesterday's trading halt ahead of Friday's board meetings.

Trelleborg said yesterday that a statement would be issued on Friday. Brokers in Stockholm suggested that Trelleborg could be planning to buy out the remaining minority stake in Boliden.

It currently owns some 68 per cent of the votes and 64 per cent of the equity in Boliden, which it has consolidated within the group since the beginning of the year.

The Trelleborg share price has been one of the star performers on the Stockholm stock exchange during the past two years, rising from a low last year for the free shares of SKr 57, to a peak yesterday of SKr360.

The company has gone on an acquisition spree which has helped to increase its turnover from SKr1.7bn ($264m) in 1983 to expected sales by the end of 1987 of about SKr17bn. The company forecast in May that profits for 1987 should double to about SKr600m.

Originally a rubber goods company, Trelleborg has become a conglomerate with interests in mining and metals, chemicals, and building materials.

Italian cement maker well ahead

By Our Financial Staff

ITALCEMENTI, Italy's largest cement producer, has increased operating profits by 29 per cent to L110.2bn ($83.1m) for the first half of 1987 as a result of buoyant local demand for cement.

The group, which saw first half sales rise by 8 per cent to L501.7bn, said yesterday that profits for the whole of 1987 should comfortably outstrip those of last year, should present trading trends continue.

Italcementi achieved net earnings of L137bn in 1986 on revenue of L1,134bn.

For the six months to June, cement production in Italy increased by 5 per cent and sales grew by 4.3 per cent. The performance represents a considerable recovery against the opening half of last year when production volume fell by 6.1 per cent.

Italcementi said cement production had increased by 6.1 per cent in the first half of 1987 and sales had risen 5.6 per cent.

The company is one of Europe's leading cement producers, controlling about 35 pc of the Italian cement market. It is 51 per cent owned by the Pesenti family, and has been one of the few bright stars on the lacklustre Milan bourse in recent months.

A government construction programme earmarked for the southern Mezzogiorno region is expected to boost Italcementi's local market over the next few years.

Finsider dives deeper into the red

By John Wyles in Rome

FINSIDER, Italy's struggling public sector steel company, has registered a first-half deficit of L580bn ($437.4m) and, according to the management, is losing money at an unsustainable rate.

The company is due to finalise a restructuring plan over the next two to three weeks which is expected to feature closures, a cut of about 20,000 jobs and sales to the private sector.

Finsider will also seek a financial restructuring based on writing down debts and a new injection of capital which will have to be approved by the European Commission.

After losing L980bn last year, Finsider is believed to be heading for a deficit of at least L1,500bn in 1986. The Government has still not finally decided how to handle the company's request for L5,000bn for financial rebuilding

Commenting on the first-half loss, the management said that world consumption and production of steel had fallen this year.

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Acquisitions Manager — Ref 408

This is a vacancy at the heart of our future plans. We are committed to acquisitions in areas complementary to our core operations. This is a high profile post – we want you to help ensure that we make the right decisions in this dynamic area.

If you have a sharp business brain and can apply it to the development of acquisition projects from initial research *right through to negotiations* without losing sight of the Group's needs then you'll enjoy tackling this challenging and interesting brief.

Probably with accountancy training, you must have a strong financial background and an awareness of the procedures and pitfalls associated with this work.

The work will be demanding, and extensive overseas travel will be necessary. Your own prospects should reflect the growth of the Group which you will be helping to achieve.

Tax Compliance Manager — Ref 409

Working with and deputising for the Group Taxation Manager you will be involved in every aspect of Group activity with tax implications. The worldwide nature of our operations mean your tax planning and advisory work will be highly complex at times.

You will ensure we comply with statutory requirements, *and negotiate with the Inland Revenue when necessary*. But this is only part of the work. You will play a front line role in assisting the operating Divisions, which will involve some overseas travel and give plenty of opportunity to develop your planning and advisory skills.

You must have a thorough grounding in U.K. tax law and significant practical experience. Ideally you will also have some knowledge of tax law in the USA and/or major European countries.

Treasury Officer — Ref 410

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Bell Resources may issue convertible into BHP

BY CLARE PEARSON

BELL RESOURCES, the resources arm of Mr Robert Holmes a Court's Bell Group, was strongly rumoured yesterday to be close to launching a two-tranche *Eurobond* convertible into shares of Broken Hill Proprietary, in which the company has a 28 per cent stake.

Market rumours suggested the issue would total A$1bn, split into a US$350m tranche bearing a coupon of between 4¾ and 5¼ per cent and an A$500m tranche paying interest at about 8¼ per cent.

Dealers speculated that the proceeds might be used as the finance for the first stage on an assault on Morgan Grenfell, the UK merchant bank, via a purchase of Willis Faber, the UK insurance company, which owns around 20 per cent of Morgan. Willis Faber shares closed up 30p at 410p yesterday.

Swiss Bank Corporation International looked a likely lead-manager for the deal as it has led Bell Resources' recent issues. But Swiss Bank was unable yesterday to comment on the rumours.

However, syndicate managers said Bell had been talking to a number of banks about a further venture into the Eurobond market.

The yen sector of the Eurobond market provided the liveliest action yesterday, with both Japanese government bonds and Euroyen issues opening sharply higher as the market corrected after Tuesday's sharp sell-off triggered mainly by the higher dollar.

In volatile trading, the No.89 benchmark bond recovered from a low on Tuesday evening, when the yield stood at 6.16 per cent, to around 5.57 per cent at one point yesterday, although it later gave up some of these gains. Euroyen bonds ended the day about ½ point higher.

Eurodollar bonds tracked the US Treasury market, finishing about ⅛ point higher in thin volume. Dealers were expecting turnover to increase today, as Japanese accounts move back in at the start of their fiscal year.

Banque Paribas Capital Markets yesterday began trading in

INTERNATIONAL BONDS

Europe an unusually structured $100m bond for News International, the UK arm of Mr Rupert Murdoch's worldwidecommunications group. It was launched late on Tuesday night.

The three-year issue, which is designed to take advantage of current uncertainty over US interest rates and targetted at bank treasurers, takes the form of a 9 per cent fixed rate issue which, at three-monthly intervals during the first year of its life, can be converted by the investor into a floating rate note.

The FRN pays interest at a rate of 0.25 per cent over three-month London interbank offered rate and on conversion investors receive the accrued interest on the fixed rate bond *less a penalty of ¼ per cent. The* fixed rate bond is priced at 100⅛.

Dealers said that Banque Paribas had probably identified Far Eastern interest in the structure, but said the bond looked tightly priced. No bid was available on brokers' screens yesterday though an of*fered price of less 1⅛ was quot*ed.

Wood Gundy's C$100m five-year 11½ per cent issue for Shell Canada, which was believed to have been the result of competitive bidding, also looked aggressively priced.

Wood Gundy said the bond, which was priced at 101¼, originally supplied a 65 basis point yield pick-up over the Canadian government bond yield curve, but this dwindled to around 58 as the Canadian domestic bond market weakened. The deal was quoted at less 2¼ bid, against 1⅞ per cent fees.

In the D-Mark market, concerns about rises in world interest rates continued to weigh on sentiment. Price changes were mixed but most issues ended the day unchanged in thin turnover.

On Monday, the Bundesbank is expected to announce details of a new Federal government domestic bond. Dealers expect a DM4bn 10-year 6¾ per cent issue, which may be priced at a discount. The most recent Federal 10-year issue was yielding around 6.87 per cent yesterday.

In Switzerland, prices eased slightly in lacklustre trading. Union Bank of Switzerland increased the interest rates on its five-to-eight year cash bonds by ½ per cent to 4¾ per cent.

Credit Suisse announced a SFr80m 5½-year convertible for Hyakujushi Bank. The callable bond carries an indicated ⅝ per cent semi-annual coupon and is priced at par.

Banque Gutzwiller Kurz Bungener led a SFr20m dual-currency bond for Continental Health Affiliates, of the US. The eight-year issue pays an indicated 7 per cent coupon in Swiss francs and is redeemable at maturity in dollars.

Holders of an existing convertible bond for the borrower, launched two years ago, will have preferential treatment if they wish to exchange.

Nomura UK arm pays dividend

NOMURA INTERNATIONAL, Nomura Securities' British-based subsidiary, will become the first overseas Japanese brokerage entity to pay a dividend, AP-DJ reports from Tokyo.

It will pay a dividend, roughly estimated at around 10 per cent, for the fiscal year ended yesterday. Nomura International reported a pre-tax profit of Y12bn ($82m) in the prior fiscal year.

According to analysts in Tokyo, the decision to pay a dividend is part of an effort to defuse criticism in Japan that the operations of Japanese securities houses in Europe are making windfall profits without distributing their gains.

Shearson futures ploy hits blue chips

By Terry Byland

THE EXPIRY deadline for the September contract on the FT-SE 100 Index cast a fleeting shadow over the UK stock market yesterday, when Shearson Lehman Brothers, the UK arm of the US securities house, sold blue chip stocks to close out arbitrage positions in the futures contract.

Stock Exchange officials visited Shearson's offices after complaints that the market was being "manipulated," although such complaints found little general support from the trading fraternity.

"We were selling quite a lot of stock," admitted Mr John Millers, Shearson's specialist in stock index futures. Shearson adjusted its price quotations on the SEAQ screens and trading proceeded smoothly. The stock was sold between 11.10am and 11.20am, when the Footsie contract finally expired. Dealers are allowed the 10-minute period to close out positions, and yesterday's activity was no surprise to the market professionals, who knew that Shearson had open positions to cover.

The FT-SE 100 Index, which had been moving narrowly in early trading, dipped by 5.4 points to 2362.9 at 11.17am. But the stock market soon steadied before drifting off again later in the session.

"I told my clients this was going to happen. It was well known, and people had time to take remedial action," said one options trader with a large US bank.

Shearson has become a prominent trader of the Footsie contract in the London market. On September 15 and 16, the firm sold, on behalf of clients, 2,000 Footsie Futures contracts, representing about £100m, or the largest single order transacted to date in this growing sector of the London securities trading arena.

However, Mr Millers *rejected suggestions in the market* that the firm was short of 1,500 Footsie contracts at yesterday's close. Even such a total, involving about £88m, would not be of great significance in the Futures market.

In a move to avoid the sudden fluctuations in share prices associated with the so-called Triple Witching Hour, US futures trading rules were changed earlier this year *to require traders to declare* open positions one week ahead of Standard & Poor's contract expiration dates.

Moevenpick forecasts record year

By John Wicks in Zurich

MOEVENPICK, THE Swiss hotel and restaurant group, expects record cash flow and net profits again this year, according to Mr Ueli Prager, the company's chairman.

Mr Prager said that both figures should once more show a double-digit increase over corresponding 1986 levels. After consolidated results had improved to SFr48.8m ($32m) cash flow and SFr12.1m net *profits in calendar 1986*, Moevenpick Holding, the Zurich-based parent company, had paid an unchanged 18 per cent dividend for the year ended March 31, 1987, on increased capital.

After a rise in sales of some 8.6 per cent for the first seven months of calendar 1987, Moevenpick is forecasting consolidated turnover, excluding sales by licensees, of some SFr760m for the year as a whole, *or slightly* more than that for last year.

Sofe to extend trading hours

SWEDEN'S OPTIONS and Futures Exchange (Sofe), one of Stockholm's two privately owned options exchanges, is to extend trading hours until 2100 GMT, *Reuter* reports from Stockholm.

The extension is intended to enable traders to take closer account of movements on overseas bourses.

Floor trading currently stops at 1500 GMT, as it does on the OM (Stockholm's Optionsmarknad) rival exchange.

Sofe said that both the Oslo and Stockholm bourses had placed orders for an automated dealing and data system it has developed, providing much-needed extra cash for the exchange, which has been unable to rival OM's 50,000-contract daily turnover.

Stephen Fidler on the competitive world of aircraft financing

Banks concerned at increased risk

THE THOUGHT of rank upon rank of surplus aircraft glinting in the Arizona desert sunlight is enough these days enough to induce a cold sweat on many a banker's forehead.

Most bankers in the airline finance business hope and expect that the dry climate of the Arizona desert will not be called upon any time soon to store fleets of aircraft which airlines do not need.

Yet there are rumblings of concern that the kind of deals being hammered out in today's highly competitive atmosphere in aircraft financing mean that increasingly the banks, rather than the airlines, will have to shoulder most of the risk in the event of a market downturn.

Predictions of substantial growth of airline fleets, the need to replace ageing aircraft, and the dearth of alternative asset financing alternatives are pushing increasing numbers of lenders into financing aircraft.

Margin of safety being eaten away

The conventional wisdom of aircraft finance, and other asset financing for that matter, is that there is a double protection against mishap. Initially there is the credit standing of the airline, then as a last resort, there is security on the airliner. Banks increase their margin of *safety by agreeing to lend only* a certain percentage of the value of an aircraft.

In recent times, however, competition has eaten away at this margin of safety, as banks have boosted the percentage which they are willing to lend. Bankers say in some cases this has climbed to 90 per cent or more, making the banks in*creasingly subject to the vicissi*tudes of the second-hand market in airliners.

Another trend which is seen putting the banks at risk concerns those financings which allow airlines to return the aircraft to bank lenders after a certain period has elapsed.

These options can often be exercised even if the airline is in no financial difficulties. The worry here is two-fold - that banks could be left holding aircraft at a time when demand for second-hand aircraft is low, and that these deals are taking away some of the discipline of aircraft purchase from airlines.

Clearly, an airline's worry about buying a fleet of aircraft is lessened by the prospect that it can get rid of them at little cost to the banks, after five or seven years, if its business turns out not to be going the way it had hoped. The risk is heightened by the lengthening maturities of the loans being granted: financings of 15 years or more are now common. Here, too, the banks are hostage to the second-hand aircraft market.

One senior aerospace banker comments: "The worry is there will be a large number of aircraft, owned by banks, sitting in the Arizona desert, and they won't be there necessarily because the airlines are going out *of business. If an airline has a* choice between stuffing some banks or going out of business, what course is it going to take?"

This type of deal has been encouraged by a number of factors: airlines naturally want maximum fleet flexibility and some countries, such as the UK, allow airlines to finance the aircraft off the balance sheet. The increasing costs of traditional operating leasing arrangments has also pushed airlines into these financings.

COMMERCIAL AIRCRAFT IN SERVICE (excludes USSR)

Year	Total at end-year	Deliveries during year
1977	4,956	209
1978	5,135	276
1979	5,476	406
1980	5,765	441
1981	6,038	432
1982	6,112	287
1983	6,252	321
1984	6,379	265
1985	6,674	347
1986*	6,979	368
1987*	7,324	428
1988*	7,679	478
1989*	8,034	488
1990*	8,349	455
1991*	8,569	410
1992*	8,774	407
1993*	9,034	470
1994*	9,334	515
1995*	9,644	565

*estimate Source: Merrill Lynch

The answer, according to some bankers, is to try to involve the aircraft manufacturers and engine makers in such deals. They are often willing participants. American Air*lines, in a recent deal for exam*ple, put in an order for 25 Boeing 767s and 25 Airbus A-300s. It has said to have a 30-day walk-away clause, which allows it to put back the aircraft to the makers after 30 days' notice.

Mr Ian Spight, head of aerospace and shipping at Midland Bank says: "A lot of new banks coming into the business are putting pressure on prices, and risks that should not have been taken have been taken.

"One questions the wisdom of banks taking so much asset risk at the very top of the market," he adds. There are signs, such as the availability of second-hand aircraft like Boeing 737s where none existed six months or so ago, that the market is topping out, he says.

Mr Brian Page, finance director of Barclays Bank's aerospace unit, says: "There is a danger of these financing type of operations becoming slightly overheated. We don't think that the risk-reward ratios in some of these financings are correct."

Both banks intend to stay in the business, and both see some tentative signs that the risk-return ratios may be shifting towards the banks. "Airlines may have to come to terms with the fact that they could be paying more," says Mr Spight. This is because some of the leading aerospace banks were bidding less aggressively for business, and becoming "deal rather than relationship or volume oriented" in the words of one financier.

But while some banks are becoming more careful, some aerospace financiers look at the forecasts for growth in the business and are very bullish on the market, and clearly keen to con*tinue lending. It remains to be* seen what will happen in this tug of war.

Thomson-CSF options on Paris bourse

NEGOTIABLE OPTIONS based on the shares of Thomson-CSF will be introduced on the Paris bourse this week in a move to expand the new market, AP-DJ reports from Paris.

Mr Raymond Lucas, director of the options clearing house, said a full range of options on Thomson-CSF will open for trading on Thursday. Another contract will be introduced on each of the two following Thursdays, one based on the shares of Compagnie du Midi, the financial holding group, and the other on the shares of Elf Aquitaine, the state-controlled oil company.

Mr Lucas said the order in which the Midi and Elf options will be introduced has not yet been fixed.

The three forthcoming introductions will complete the new market's expansion plans for 1987, bringing to six the number of shares that serve as the basis for options contracts. Originally, the market had planned to start trading in all six options at the beginning of June, but the date has been put back because of computer delays and the list has been reduced to three issues in order to make sure that the clearing house can handle the volume.

Options traders welcomed the introduction of Thomson-CSF options this week. Mr Stanley Rowen, head of the options trading desk at Tuffier, Ravier, the Paris brokerage house, said: "It will add investor interest just having more stocks to play with."

Other operators, however, argued that the market needs to attract more interest from small investors in order to expand, and suggested that such interest could be fostered by adding all three new issues at once.

One options dealer said: "There have been several days when the shares of the three companies (Thomson-CSF, Midi and Elf) moved significantly and would have drawn interest if there had been options to trade."

The Paris options are all based on lots of 100 shares, with three strike prices and three option maturities for both put and call options

The market plans gradually to offer options in other shares in 1988, although the next scheduled introduction is a new 40-share stock index.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on September 30

US DOLLAR STRAIGHTS

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	89⅞	90⅜	-0⅛	-1⅜	10.39
All Nippon Air 9⅛ 97	100	90¼	90¾	-1¼	-1⅞	10.99
American Brands 8⅞ 92	150	94½	95	-0⅜	-1	10.29
A/S Eksportfinans 7⅞ 93	100	87⅞	88⅜	-0⅜	-1	10.29
A/S Eksportfinans 7¼ 92	150	88⅞	89⅝	-2⅛	-2⅛	10.53
B.P. Capital 9⅛ 94	100	†96⅛	96⅜	0	0	9.80
British Telecom 7⅝ 96	250	82¼	82⅝	-0⅞	-2⅛	10.75
British Telecom 8⅞ 94	150	92½	93	-0⅛	-1½	10.39
Campbell Soup 10½ 95	100	100¼	101¼	-0⅛	-0⅞	10.30
Canada 9 96	1000	92⅞	93⅛	-0½	-1⅛	10.24
Canadian Pac 10¼ 93	100	101⅞	102⅛	+0⅛	-0⅜	10.22
C.C.C.E 7⅛ 91	113	91	91⅛	-0⅞	-1	9.87
C.N.C.A 7¼ 91	150	90½	91	-0⅞	-0⅞	10.02
Citicorp 8¼ 93	200	†87½	88	-1¼	-1⅛	11.17
Credit Lyonnais 9 91	200	97	97½	-0⅛	-0¼	9.95
Credit National 7⅞ 92	100	90⅞	91¼	-0⅜	-0¼	9.90
Credit National 7¼ 91	150	91⅛	91⅝	-0½	-3	9.83
Denmark 7⅛ 92	500	89⅞	89⅞	-0⅜	-0⅛	10.12
Denmark 8¼ 91	300	95⅛	95⅝	-0¼	-0½	9.75
E.E.C 7 91	100	90⅞	91¼	-0½	-1	9.71
E.E.C. 7¼ 93	250	88½	89	-0¼	-0⅞	10.02
E.E.C 8¼ 96	100	87⅞	88⅛	-0⅜	-1⅜	10.42
E.I.B. 7⅝ 93	100	88⅛	88⅝	-0⅞	-1½	10.23
E.I.B. 9⅝ 97	150	92	92⅜	-1½	-2¼	10.70
Finland 7⅞ 97	200	83⅜	83¾	-0¼	-1¼	10.75
Finland 7½ 93	200	88½	89	-0½	-0¼	10.10
Ford Motor Cred 10½ 91	150	101⅝	102⅛	-0½	-0⅜	9.91
Ford Motor Cred 11⅞ 90	100	103⅜	103¾	-0½	-0⅜	9.60
Gen Elec Credit 10¼ 00	200	100⅞	101⅛	-0¼	-0¼	10.07
G.M.A.C. 8¼ 89	200	†98⅞	99⅛	-0¼	-0⅜	8.93
Hoesch 8¼ 97	100	85⅞	86⅛	-1¼	-2½	10.70
Hoesch 7⅞ 92	100	92⅞	92⅞	-0¼	-0¾	9.48
Hoesch 7⅞ 94	300	89	89⅜	-0½	-1½	10.23
Liberty Mutual 8½ 96	150	87⅞	88⅜	-0⅜	-1¼	10.63
L.T.C.B of Japan 8 91	100	93⅛	93¾	-0½	-1¼	10.10
L.T.C.B. of Japan 8 97	200	83⅛	83⅝	-1⅛	-1⅞	10.92
Mercds-Benz Cred 7½ 93	100	90⅞	90⅞	-0½	-1⅛	9.69
Mercds-Benz Cred 8¼ 92	100	96⅛	96½	-0⅜	-0⅞	9.24
Mitsubishi fin. 7⅞ 93	100	†87⅜	87⅞	-0⅜	-1⅜	10.69
Mutual America 7⅞ 92	100	90¼	91⅛	-0⅜	-0⅞	10.31
Norway 7¼ 91	500	92⅛	92⅝	-0⅜	-0¼	9.69
Pepsico Inc 7⅞ 93	200	88	88½	-0⅜	-1	10.20
Prudential Crp. 8¼ 94	125	92⅜	93	-0⅜	-1⅜	10.30
Qantas Airways 10¼ 95	140	97⅞	98⅛	-0¼	-1⅞	10.77
Queensland Govt 10¼ 95	100	97⅛	97⅝	-0⅜	-1½	11.77
Ralston Purina 11¼ 95	150	†102½	104½	0	+1	11.02
Saab Scania 9½ 91	125	98⅛	99⅛	-0⅜	-0⅜	9.82
Saskatchewan 10¼ 92	100	102⅛	102⅜	-0⅜	-0⅞	9.99
State Bk S Aust 9¼ 93	100	94⅞	95⅜	-0⅜	-1½	10.45
Statoil 10 90	170	100½	101	-0¼	-0⅜	9.67
Swedish Expt.Crd.7¼ 91	100	†92⅛	92⅝	+0⅜	0	9.51
Swed Exp Cred 10 92	100	100⅜	100⅞	-0⅜	-1⅛	9.80
Sweden 7 91	250	91⅛	91¼	-0¼	-0¼	9.69
Sweden 7 92	250	90⅛	90½	-0½	-0⅞	9.83
Sweden 8¼ 96	200	90	90½	-0¼	-2	10.52
Sweden 8½ 92	200	94⅝	95	-0⅜	-0⅜	9.86
Taiyo Finance 7¼ 94	100	86⅛	86½	-0⅜	-1⅞	10.84
Toyota Motor Cred 8 89	100	†97½	98	-0½	-0¼	9.42
Toyota Mtr.Cred.7¼ 92	150	89⅞	90¼	-0½	-0⅞	10.06
Victorian Rep 11⅛ 92	150	104⅜	105¼	-0⅜	-1⅛	10.17
World Bank 7 92	300	90⅛	90½	-0⅜	-1	9.85
World Bank 9 97	300	91	91½	-0½	-0¼	10.45
Yasuda Trust Fin 8½ 93	100	91⅛	91⅝	-0⅜	-1⅝	10.56

Average price change... On day -0½ on week -1⅛

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Arab Banking 5½ 92	150	95¼	96¼	0	0	6.50
Aus Fin.SVS 5⅞ 92	100	†98¼	99⅛	+0¼	-0⅛	6.13
Bank of Greece 6½ 95	150	94½	95¼	+0⅛	-0⅜	7.39
Bank of Tokyo 5⅛ 93	100	†97⅞	98⅜	-0⅛	-0⅜	6.16
BMW 5⅛ 96	200	88⅝	89⅜	-0⅛	-0⅞	6.99
Degussa Int. 6 1/8% 97	200	92½	93	-0¼	-0½	7.18
E.I.B 5½ 98	150	87⅛	87⅞	-0½	-0¼	7.22
E.I.B 6 97	300	92⅞	93⅜	-0¼	-0⅞	7.00
E.I.B. 6⅛ 96	300	93¼	94½	0	-1	7.04
E.I.B. 6½ 97	400	92⅞	93⅜	-0⅛	-1¼	7.12
E.I.B. 6⅞ 95	300	99	99¼	0	-0¼	6.97
Euro.Coal& Steel 5⅞ 97	175	91⅝	92⅛	+0¼	-0⅜	7.06
Eurofima 6¼ 96	100	95½	96⅛	0	-0½	6.91
Elec De France 5¾ 97	300	89⅝	90⅛	-0⅞	-3⅛	7.25
Hoesch Int'l Fin.7 95	100	101⅛	101⅞	0	0	6.75
I.A.D.B. 6 97	200	91¼	92½	0	-0⅜	7.15
IBJ 5⅝ 96	200	89⅛	89⅞	-0½	-1½	7.31
Japan Finance 5¾ 97	100	90	90¾	0	-0⅞	7.19
Ireland 6½ 97	300	†95	95½	-0¼	-0¼	7.19
Korea Dev BK 6⅝ 93	100	98⅞	99⅛	+0½	-0½	6.89
Malaysia 6¼ 94	150	96	96½	0	-0⅞	6.96
Mitsubishi Met 3⅛ 89XW	100	95½	96½	+0⅞	+0¼	5.19
Portugal 5¼ 92	150	98½	99¼	-0¼	-0¼	6.02
Portugal 6⅛ 95	150	†97½	98½	-0¼	-1¼	6.96
Royal Insurance 5½ 92	300	†99¾	100¼	0	-0⅜	5.49
Statoil 6¼ 97	200	†92½	93	0	-0⅞	7.33
Soc Cent Nuclear 7¼ 95	150	101⅝	102⅞	+0¼	+0½	6.90
Societe Cent Nuclear 8 92	100	104⅛	104⅞	0	0	6.59
Steweag 5½ 96	100	93½	94⅛	0	0	6.46
Tokyo Elec. Power 6 97	300	†91	91½	+0¼	-0½	7.31
World BK. 6¼ 97	600	94⅞	94⅞	-0¼	-0⅜	7.28

Average price change... On day -0⅛ on week -0⅜

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5⅜ 96	100	†100	100½	0	+0¼	5.59
AMR Corpn. 5¼ 01	200	†89½	90	-0½	+0¼	6.40
Asfinag 5 02	150	†96	96½	-0¼	-0⅜	5.37
Bayer W/W 2½ 02	250	†115	115½	-0½	-0½	1.36
BBL W/W 2¾ 97	100	†100	100¼	0	-0¼	2.73
Elec.De.France 5 07	100	†98	98½	+0⅛	+0⅜	5.14
E.I.B. 4¼ 97	200	†97	97¼	+0¼	0	5.13
E.I.B 4⅝ 97	200	†93¾	94¼	0	-0½	5.45
Enso Gutzeit 5 99	100	†98¼	98½	-0⅜	-0⅜	5.18
Ireland 5 02	150	†93½	94	0	-0½	5.63
Newfoundland 5⅛ 02	130	†99½	100	-0¼	-0¼	5.15
Polly Peck 6 92	75	†101½	102¼	+0¼	+0¼	5.46
Prov.of Manitoba 4⅞ 02	200	†96½	97	-0¼	-0⅛	5.18
Prov. of Quebec 5 03	200	†97½	97¾	+0½	0	5.22
Qantas Airways 4⅞ 97	110	†94	95	-0¼	-0⅛	5.48
SHV Holdings 4⅞ 94	100	†98½	99	0	0	4.97
Tyroler 4¾ 97	100	†97	97½	-0⅛	-1⅛	5.11
TNT 5 95	100	†100	100¼	0	+0¼	4.98
Woolwich B/S 4½ 92	120	†97½	97¾	0	-0¼	5.05
World Bank 5 02	200	†94¼	94½	-0⅜	+0⅛	5.56

Average price change... On day -0⅛ on week -0½

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅝ 94	45	90⅞	91¼	-0⅛	-1	6.31
E.I.B 4⅝ 94	40	90⅞	91¼	0	-1	6.30
Elec. De France 5⅛ 94	20	93⅝	94⅛	0	-0⅞	6.29
Kansai Electric 4⅝ 94	60	91⅛	91⅝	-0⅛	-0¼	6.21
Norway 4⅞ 92	60	92⅝	93	+0⅛	-0⅞	6.08
S.N.C.F. 4⅞ 93	20	93½	94	0	-0⅞	6.23
Sweden 5⅜ 95	20	95⅞	95⅞	-0¼	-0⅞	6.36

Average price change... On day -0⅛ on week -0⅞

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	102⅞	103⅛	-0⅛	-0⅜	12.85
American Brand 9⅞ 94 £	50	94⅞	95⅛	-0⅛	-1⅞	10.61
American Express 0C.10 94	40	96⅛	97⅛	-0⅛	-0⅞	10.66
Bergen Bank 15 90 A$	50	†102⅛	103⅛	0	+0¼	13.21
BP Capital 13⅛ 92 A$	75	103⅛	103⅞	-0⅛	-0⅜	12.67
Chrysler Crp 10 91 C$	75	97⅛	97⅞	-0⅛	-0⅜	10.09
C.O.E. 8⅞ 95 LF	600	104⅞	105⅜	-0⅜	-0⅜	8.03
Creditanstalt 14⅛ 90	60	102½	103	-0¼	-0¼	12.79
Denmark 7⅜ 92 ECU	100	97⅞	98⅛	-0¼	-0¼	8.26
DG Fin. Co. 13⅛ 90 A$	50	102½	103⅛	-0⅛	-0¼	12.55
DG Fin. Co. 14 90 A$	75	103⅛	103⅞	-0⅛	-0⅜	12.39
DG Finance 14⅛ 92 A$	50	†106½	107	-0½	-0⅜	12.29
Deutsche Bank 9⅞ 97 £	75	94⅞	95⅛	-0⅛	-0⅜	10.69
Deutsche Bk.14⅛ 92 A$	100	†106⅛	106⅝	-0½	-0⅜	12.20
Dresdner fin.13⅞ 91 A$	100	†103½	104	-0½	-0⅜	12.47
E.I.B 7⅞ 91 ECU	100	97½	98	0	-0⅞	8.01
E.I.B 8⅛ 93 LF	1000	102⅞	103⅜	-0⅜	-0⅜	7.81
Euratom 7⅛ 97 ECU	145	87⅞	88⅛	-0⅛	-2⅛	9.29
Finland 6 91 FL	100	98⅛	99⅛	0	-0⅞	6.27
G.M.A.C. 9 92 £	50	94	94½	+0⅛	-0½	10.59
G.M.A.C. 9⅛ 92 C$	75	97	97½	-0⅛	-0½	9.99
G.M.A.C. Aus.Fin.14 90 A$	50	102	102½	-0¼	-0⅛	12.98
Halifax BS 10⅞ 97 £	100	95⅛	96	0	-0⅜	11.12
Helaba Fin. 13⅞ 96 A$	75	102⅞	103⅛	-0½	-0½	12.78
Imp Chem Inds 10 05 £	100	92⅛	92⅞	-0¼	-1½	10.99
Inv.In Ind.Intl 10 93 £	60	96⅞	97⅛	+0⅛	-0⅛	10.68
Land Securities 9½ 07£	200	†82	82½	0	-1½	11.85
Leeds B.S 10½ 91 £	50	98⅞	99⅛	+0⅛	-0½	10.85
Mort.Bk.Denmark 6 91 FL	150	97½	98	0	-0½	6.63
Nat.Australia 14 92 A$	50	101⅞	102⅜	-0⅛	-0⅛	[illegible]
Nationwide BS 10⅛ 93 £	75	96½	97⅛	+0¼	-0⅛	10.91
New Zealand 7⅛ 93 ECU	200	93½	94	-0⅛	-1⅞	9.24
Oesters.Ktblc.13⅛ 94 A$	75	101⅞	102⅛	-0¼	-0⅜	13.18
Prudential Fin.9⅞ 07 £	150	85⅛	85⅞	-0⅛	-1⅛	11.23
Royal Ins 10⅞ 92 £	60	101⅛	101⅞	+0⅛	0	10.33
Royal Trustco 10⅞ 90C$	75	98	98½	-0⅛	-0¼	11.02
Sainsbury.J 10⅞ 93 £	60	99⅛	100⅛	+0⅛	-0⅛	10.84
S.D.R. 7⅞ 95 ECU	90	93⅛	93⅞	-0⅛	-0⅛	8.94
Tsthouse Forte 11⅛ 90£	50	100⅞	101⅜	-0⅛	+0¼	10.53
Thyssen 7⅛ 90 FL	50	102	102½	0	0	6.38
Wessanen 6⅛ 90 FL	50	101⅛	101⅞	0	+0¼	6.19
World Bank 11⅛ 95 £	100	102½	103	-0¼	-1⅛	10.68
World Bank 13⅛ 92 A$	100	101⅛	102⅛	-0½	-0⅜	12.79

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	.0312	100.03	100.12	11/06	6.14
Alliance & Leic.Bld 94 £	.08	99.10	99.15	20/04	9.89
Belgium 91	0	99.74	99.84	19/02	6.69
Britannia 5 93 £	0⅛	99.62	99.67	8/04	10.06
Chase Manhattan Corp 91	0¼	99.10	99.35	20/08	6.56
Citicorp 98	0⅛	97.55	97.80	27/02	6.63
Credit Lyonnais 5 00	0¼	98.70	98.80	13/07	6.19
EEC 3 92 DM	0	100.10	100.18	20/02	4.19
Halifax BS £ 94	.1	99.42	99.47	6/05	8.97
Midland Bank 01 £	.1	97.30	97.40	9/05	8.91
Milk Mkt.Brd.5 93£	0⅛	99.50	99.55	30/03	10
New Zealand 5 97 £	.07	99.44	99.54	16/05	11
New Zealand 5 01	0	99.36	99.46	4/08	6.51
Shearson Lehman Hlds 91	0⅛	99.40	99.65	6/05	7⅛
United Kingdom 5 92	0	100.05	100.12	7/04	6.31
Woodside Fin. 5⅛ 97	0	99.62	99.72	28/04	7.06
Woolwich 5 95 £	0⅛	99.39	99.44	19/05	10.62

Average price change... On day +0.00 on week +0.06

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02	8/87	62.	115⅞	116⅛	+0⅛	17.55
Alco Health 6¼ 01	7/86	26.25	86⅞	87⅞	-0⅛	37.92
American Brands 7⅛ 02	†9/87	56.7	113⅞	114⅛	-1	15.17
American Can Co. 5¼ 02	†4/87	66.75	89⅞	90⅛	-0½	37.31
Ashikaga Bank 2⅛ 02	4/87	996.	108⅛	109⅛	-1⅛	-1.57
Asics 5 92 DM	12/88	472.	155⅛	156⅛	0	5.40
CBS. Inc. 5 02	4/87	200.	113⅛	114⅛	-0⅛	5.21
Chiba Bank 2⅛ 02	1/87	830.	181⅞	183⅞	-3⅛	1.38
Fuji Hvy Inds 3 00	8/85	676.	154	155⅛	-0⅛	1.83
Fujitsu 3 99	5/84	1109.	210⅛	212⅛	-1½	0.31
Gunma Bank 2¼ 02	4/87	808.	129	130	-0⅛	-0.63
Minolta Camera 2¼ 94DM	2/86	1105.	98	99⅛	+0⅛	51.54
Mitsui Trust 2⅛ 01	10/86	1990.	140	142	+1⅛	5.79
Murata 3¼ 00	7/84	1998.	273⅛	275⅛	+6⅛	3.36
Nippon Elec 2⅞ 00	1/85	1295.	314⅛	315⅛	+0⅛	0.26
Oki Elec Ind 3⅛ 99	10/84	805.	191	192⅛	+3⅛	5.68
Omron Tateisi 2⅜ 02	4/87	1350.	145⅛	146⅛	+7⅛	10.90
Redland 7⅛ 02 £	1/87	5.5	108⅛	109⅛	-0⅛	16.41
Yokohama Bank of 2⅛ 01	10/86	1045.	154⅛	156⅛	-6⅛	-4.52

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn=The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv date=First date of conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Tesco nears £91m with a little help from Hillards

Tesco, the supermarket chain which increased its exposure in Yorkshire earlier this year via a vigorously contested £228m takeover of Hillards, yesterday announced a £25.2m surge in profits to £90.6m pre-tax for the half year to August 15.

City analysts had been looking for an increase and had pitched their estimates between £78m and £88m.

Mr Ian MacLaurin, Tesco chairman, said he was pleased with current trading and that he looked forward with confidence to both the peak trading period up to Christmas and the financial results for the full year.

He pointed out that development expenditure and cash flows had progressed very much according to plan and reflected the increasing store opening programme.

Tesco raised £112m last March by means of a convertible Eurobond issue. Mr MacLaurin said these borrowings would substantially fund the current year's cash requirements.

Turnover for the past year increased from £1.58bn to £1.79bn, excluding VAT. At the operating level profits pushed ahead from £54.2m to £78.4m, including a £3.1m contribution from Hillards for a 13-week period.

Pre-tax margins improved from 4.1 per cent to 5.1 per cent. Tax rose from £22.6m to £31.2m and left earnings per 5p share 0.95p ahead at 4.42p.

The interim dividend is being stepped up from an adjusted 0.85p to 1p. A proposal to introduce a scrip dividend option in respect of the interim payout will be put before shareholders at an extraordinary general meeting on October 23.


Ian MacLaurin: Hillards - a "stunning" purchase.

Mr MacLaurin said the improvement in margins was due to internal efficiency and added acceptability of Tesco's lines, particularly in fresh food. He pointed out that the company had launched 500 new value-added food lines so far this year and aimed at 1,000 by year-end.

Referring to Hillards he said this had been a "stunning" purchase. The acquisition added 40 stores to Tesco's portfolio, with a total of 794,000 sq ft of selling space.

Integration of its operations had proceeded satisfactorily and the programme of conversion to the Tesco facia was completed early in August. The refit cost was £4m but another £6m to £7m is likely to be spent on refitting the Hillards refrigeration systems next year.

Group spending on store refitting this year could total £40m and gearing is expected to end at 30 per cent.

Commenting on further acquisitions Mr David Malpas, managing director, said : "We are not looking at any UK company."

So far this year Tesco has opened new stores at Truro, New Malden and Doncaster and carried out a major extension at Basingstoke. This has added a total area of 130,000 sq ft.

In all, Tesco now has 375 stores with a net selling area of 7.81m sq ft. During the remainder of the year it expects to open a further 14 stores and three extensions comprising 527,000 sq ft, bringing the programme for the year to 657,000 sq ft.

Currently, next year's committed programme of 17 sites and three extensions, where acquisition and planning permissions are complete, totals over 660,000 sq ft. It is anticipated that this will increase as the programme is finalised.

See Lex

Foreign interest in Rolls-Royce hits 21%

By Dina Medland

FOREIGN shareholdings in Rolls-Royce, the recently- privatised aero-engine manufacturer, have reached 21 per cent, well above the 15 per cent limit set by the Government, the company announced yesterday.

All foreigners whose second instalment (85p) for the shares arrived after the 15 per cent limit was reached will have to dispose of their holdings. Rolls-Royce does not expect the count to go higher, as there are no foreign documents remaining to be processed.

Enforced selling is almost certain to lead to losses for overseas shareholders, as the Rolls-Royce share price has declined fairly steadily from May 19, when a rush of buying from overseas investors - mainly Japanese - took the 85p partly-paid stock to 147p, a premium of 73 per cent to the issue price. Rolls-Royce shares closed last night at 205½p, down 3½p.

The City has expressed surprise that foreign buyers left it so late in the day to pay for the second instalment, given media coverage of the 15 per cent limit.

It remains uncertain how long overseas investors will be given to sell their shares, but the register has to be complete by November 6, the day the dividend payment is due.

Foseco Minsep advances 24%

Foseco Minsep's 24 per cent advance from £13.23m to £16.43m in pre-tax profits for the half year to June 30 reflects the strategy of this speciality chemical company to improve profitability arising from a review of operations in 1986.

Turnover of the group for the period was actually £12m lower at £258.2m, while trading profit increased from £16m to £18.88m. After tax of £7.56m (£6.29m) and minorities of £1.02m (£728,000) earnings per share gained 1.9p to 9.4p The interim dividend goes up from 2.95p to 3.5p per 25p ordinary.

Mr Tony Chubb, chairman, said that negotiations for the sale of the original Gibson-Homans company – the protective coatings subsidiary which operates across the US and Canada – were progressing. The results of this company have accordingly been excluded from the group results for the period. Foseco Minsep is also involved in discussions which will lead to further disposals.

The chairman said that the company was now focussing full attention on growth in earnings, not only by improving further the performance of existing operations, but also by actively seeking acquisitions which supplement them. The benefits of the changes made were now coming through and the company remained confident of the outcome for the year.

• comment

The turnround at Foseco Minsep is underway but is taking rather longer than expected and the company clearly has a way to go. It targeted a net profit margin of 10 per cent, but is still at about 7 per cent. The restructuring of the company's steel business in the US has led to a profits recovery but, again, not quite as much as expected. The disposal of the Gibson-Homans business is still not settled after nine months, though the company says it expects to sell by the year end, and the indications are that Craelius, the loss-making mineral exploration equipment company, will also be up for sale. Foseco is certainly getting closer to sorting out its problems. The whole mix, as the reorganisation nears completion, is looking pretty good, but the City still expects the year end profits figure to be below the 1985 level. Expectations of £33m produces a prospective p/e of 16, fully valued.

Guidehouse expansion

Guidehouse Group, financial services undertaking, has conditionally agreed to acquire Technology Enterprise and Management, and its sister company Team (CP), for an initial consideration of 500,000 shares and £286,000.

Shareholders of Guidehouse need to approve as the purchase will involve the issue of over 2.5 per cent of the capital within six months of it coming to the USM.

Team has warranted combined net assets of £100,000, and profits of not less than £110,000 for the 13 months ended May 31 1987.

For the first half of 1987 Guidehouse made profits of £521,000 (£170,000) on turnover of £2.93m (£838,000). An inaugural dividend will be paid for the year.

Lisa Wood on Scottish & Newcastle's latest bid for Matthew Brown

A third bite at the cherry

MR ALICK Rankin, chief executive of Scottish & Newcastle Breweries, Britain's sixth largest brewer, is convinced that his £194.5m bid for Matthew Brown, the Blackburn-based brewer, will be a case of third time lucky.

Two years ago Mr Rankin launched his first attack on Brown, brewer of Slalom lager and Theakston bitters, only to be referred to the Monopolies and Mergers Commission after Brown's skillful and spirited defence.

However, S & N got the green light from the Commission and made a renewed £125m bid only to be defeated at the 11th hour by the intervention of the Takeover Panel which ruled that S & N pushed up its stake of Brown's equity from 47.5 per cent to 50.3 per cent after the time for bid acceptances.

Since then the question among many City analysts has been when, rather than if, S & N, which held on to a 29.7 per cent stake, would come back for a third bite. Takeover Panel rules meant S & N could not renew its bid until 12 months after the lapsing of the last bid - which failed in December 1985.

Mr Rankin said yesterday: "This timing seems the most advantageous to us. It is nine months since we were allowed to bid again. Since then our profits have gone well, our share price has performed well while there has been a contrary situation at Matthew Brown". S & N does not expect a referral this time round.

A strong half year helped S & N report better than expected profits for the year ended May 3, with taxable profits rising by 20 per cent to £90.3m against market expectations of between £85 and £87m.

In contrast, Brown's trading profit has not packed any strong punches at a time of depressed sales of its beers in its Cumbrian and Lancashire trading heartland. In the year ended September 27 pre-tax profits of the group were £9.75m, excluding property disposals, with analysts forecasting the situation to be virtually unchanged this year.


Alick Rankin (left), of S&N, and Patrick Townsend of Matthew Brown.

It its defence, Brown has argued that, unperturbed by S & N's unwanted attentions, it has beeen making long-term investments in its business. About £6.5m has been spent on new distribution and racking facilities and a further £5m on refurbishing its public houses. In addition, Brown's management has worked hard to develop new draught beer markets.

However, S & N said:" Matthew Brown has failed to expand in any meaningful way outside the north-west and north Yorkshire, despite prolonged effort. It has failed to meet the challenge of a national lager market and thus to develop Slalom as a significant brand. It has failed to make any impression on the growing take-home market despite having products with considerable potential.It is wasting the opportunity to develop Theakston nationally."

A not unbiased assessment it could be argued but one supported, albeit in a less strident manner, by some City analysts. However, they emphasise the problems faced by Brown at a time of difficult trading conditions for regional brewers, which generally lack clout against the major brewers.

However, the City also shares S & N's scepticism over Brown's controversial £12.5m diversification into Langdale, a time-share group based in the Lake District but with significant assets in Spain and Portugal. One broker described the joint venture as "peripheral" and intended as a move to flush out S & N, which nevertheless took up its rights in the issue of some 2m new shares.

S & N yesterday chose to interpret the Langdale investment as proof that Brown accepted that the prospects for its beer business were not as bright as it had claimed in the past.

According to Mr Rankin, a combined business would bring considerable strengths to their beer businesses, which in the case of S & N commands about 9 per cent of national beer sales and Brown about one per cent.

S & N is Britain's sixth largest brewer but a critical structural weakness compared with its major competitors is its excessive dependence on the non-tied trade, including free houses, and the take-home trade for sales. Taking into account the public houses gained through its acquisition of Home Breweries this year, S & N has some 1,750 tied public houses compared with about 7,000 public houses controlled by Allied Lyons, Bass and Whitbread.

Not only would Brown add 520 public houses to S & N's existing estate, giving more guaranteed outlets for its beer, but it would add them in the north of England, directly adjoining S & N's Scottish and north-eastern base.

S & N also argues that its nationwide sales force could boost sales of Brown brands, themselves a prize for S & N, which has Kestrel, McEwan's and Younger's - established nationwide but fairly mature - among its brands.

Schroder Wagg, adviser to Brown, yesterday dismissed the commercial case for a takeover. "The arguments were not accepted by the shareholders last time and they are even less convincing now," said Mr Derek Netherton. S & N, he said, was claiming Brown's public houses would benefit from a significent increase in investment but he pointed out the £5m already spent by Brown on refurbishment. On increasing nationwide distribution of Brown brands he said:" Brands such as Theakston are growing against the trend and doing so steadily and profitably".

At the end of the day, however, the argument for shareholders is financial, with S & N putting in a bid at a hefty 27 times historic earnings.

Mr John Dusnmore, of Wood Mackenzie, said: "The offer by S & N is probably worth 50 per cent more than the on-going reasonable trading value of Brown shares. That will make it hard to resist."

Laura Ashley profits advance 15% to top £10m at midway

BY ALICE RAWSTHORN

Laura Ashley Holdings, the textile, fashion and home furnishings group, yesterday announced a 15 per cent increase in pre-tax profits to £10.1m for the first half of the year.

In the interim period Laura Ashley suffered from sluggish sales in its key markets of the UK, the US and mainland Europe. Group sales rose by 21 per cent to £93.6m. It also bore the burden of an unfavourable swing in the US dollar exchange rate - which cost it about £500,000 - and the borrowings incurred in its expansion programme, including the construction of the new Texplan manufacturing plant.

Nevertheless, improvements in operating efficiency and cost control enabled the group to increase operating profits by 29 per cent to £10.4m in the six months to August 1.

The £7.5m Texplan plant in Wales, which is now fully on stream, will increase production capacity by 50 per cent. The plant has broken even, working on a single shift, and the full benefits of the investment should filter through next year when a double shift commences.

In the UK, where the business was affected by the dismal spring weather, sales rose to £44.3m (£35.4m). The North American division suffered both from sluggish sales and the adverse exchange rate. Sales rose to £33.8m (£29.3m) although, in dollar terms, sales increased by 25 per cent, with six per cent growth from established stores.

In continental Europe sales rose to £11.4m (£9.3m) and in Australia to £1.6m (£1.1m). By the end of the first half there were three shops trading in Japan - the group intends to have opened 30 Japanese units within the next three years.

The first five of the Mother and Child nursery shops have opened in the US since the end of the interim period. Sir Bernard Ashley, chairman, described the response to the new shops as "enthusiastic". By the end of next year there should be 26 Mother and Child units in the US and four shops will have opened in Europe.

Royalty income suffered from adverse exchange rates and fell to £616,000 (£765,000). Interest payable rose to £927,000 (£142,000) and taxation deducted £3.6m (£3.3m). Earnings per share rose to 3.25p (2.74p) and the board declared an interim dividend of 0.85p (0.75p).

Sir Bernard Ashley also announced that Mr John James, group managing director for seven years, has become vice-chairman and chief executive.

•comment

Poor Laura Ashley has been dogged by the dollar and a sluggish share price ever since its flotation almost two years ago. Yet the business itself is in remarkably healthy shape, as the increase in operating profits in so inclement a climate testifies. Henceforth capital expenditure will concentrate on store openings, which filter through to profits rather faster than production plants and distribution systems. Moreover the full benefits of Texplan and the retail expansion should filter through next year. The City expects profits of £26m and a prospective p/e of 22½ in the present year. It takes time to restore confidence in a stock which has performed so poorly - and is so vulnerable to currency - as Laura Ashley but, sooner or later given the inherent strength of the business, it must gather momentum. The only question is when. The smart money is on spring next year.

Small minority remains in Oldham Estate

Oldham Estate, the property company built up by Mr Harry Hyams, finally succumbed to MEPC yesterday when it was announced that MEPC's £516.4m offer had been accepted by 98.81 per cent of its shareholders. The offer closed on Tuesday.

Mr Hyams is retaining 88,000 shares, a fraction of his 28 per cent stake, largely, it appears, to express solidarity with the handful of small shareholders who have stood out against the offer. Two other original Oldham directors are retaining a total of 750 shares.

Feedex in talks

Feedex Agricultural Industries, animal feeds and agricultural machinery group, said it was in negotiations to buy a substantially larger company. Its shares were suspended at 74p, where it has a market value of £13.7m.

UK COMPANY NEWS

Murdoch wants say in management of Pearson

BY JOHN HUNT AND RAYMOND SNODDY

MR RUPERT MURDOCH, chief executive of News Corporation, would like a say in the management of Pearson, the conglomerate which publishes the Financial Times, following his purchase of a 14.7 per cent stake.

Mr Murdoch believes, according to associates, that Pearson the interests of which include information and entertainment, fine china and banking, could be managed in a more vigorous way.

The proprietor of five British national newspapers, including The Sun and The Times, will meet Lord Blakenham, the Pearson chairman and chief executive for lunch today, their first meeting since last week's surprise raid on Pearson shares.

At the meeting Mr Murdoch is expected to suggest that he has a contribution to make to the future of Pearson. But it is not clear whether he will seek a directorship or has something more informal in mind.

The News Corporation chief is also likely to outline ideas for co-operation or joint ventures in the two main areas of common interest, newspapers and book publishing.

New International, the UK operating arm of News Corporation has decided to print The Times in the US before the end of this year. This might lead to areas of co-operation with the Financial Times which is already delivered to the US by satellite and printed in New Jersey. In return Mr Murdoch might be able to print a Far East edition of the Financial Times on his South China Morning Post presses.

Meanwhile Lord Young, the Trade and Industry Secretary made it clear that any bid by Mr Murdoch for Pearson would have to be referred to the Monopolies and Mergers Commission. He indicated that if the Commission ruled against takeover he would accept its verdict.

However if the commission said the bid could proceed the Government " would have to look at it."

Lord Young, interviewed on BBC Radio's World at One programme yesterday said he felt there was no monopoly threat to control of British newspapers at the moment, although he acknowledged that Mr Murdoch and Mr Robert Maxwell had big stakes.

Equiticorp takes 50% of GPG

By Hugo Dixon

Equiticorp, the New Zealand financial services company, now holds just over 50 per cent of the shares in Guinness Peat Group, virtually bringing to an end what many regard as a particularly messy takeover bid for the merchant bank and financial services group.

"We have achieved control," said Mr Patrick Keenan of Samuel Montagu, Equiticorp's advisors.

Mr Keenan pointed out that, since Equiticorp had crossed the 50 per cent mark by buying in the market and not waiting for acceptances, its offer had not technically become unconditional. However, its majority shareholding was secure, he said.

Shareholders have until Saturday to decide whether to accept Equiticorp's 115p a share offer.

He denied Equiticorp had bought the extra shares in order to cross the 50 per cent mark before the new Banking Act comes into force this morning, allowing the Bank of England to object to any shareholding in a bank of over 15 per cent.

Henderson talks

Shares in Henderson Group jumped 39p to 358p yesterday after the manufacturer of garage and industrial doors and electronic security equipment said it had received an approach which could lead to a takeover offer. Henderson's market value now exceeds £80m.

The approach was originally made in mid-September to Mr Ahmed Abdullah, adviser to Carousel Investments and three associate companies which last week raised their total stake in Henderson to 17.38 per cent.

Henderson directors are believed already to have held detailed talks with the potential suitor.

Storehouse

Mountleigh, the property group, announced yesterday that it had increased its holding in Storehouse to 2.2 per cent through market purchases on Tuesday, intensifying speculation that it might consider a fresh bid for the company. However, Mr Tony Clegg, Mountleigh's chairman, refused to be drawn on the question at the group's AGM yesterday. Mountleigh, which said last Thursday it was abandoning bid approaches to Storehouse, bought 1m shares on Tuesday at 388p and 500,000 at 387p, lifting its holding to 9.25m shares. Storehouse shares closed last night at 404p, down 3p.

BP gives 100 share guarantee

BY RICHARD TOMKINS

APPLICANTS who register in advance with the British Petroleum share information office will be guaranteed a minimum of 100 shares each in this month's £7.5bn sale of shares in the oil company, it was announced yesterday.

The closing date for priority registrants will be the end of next week - midnight on Friday, October 9. Applicants who do not register before that date will still be able to apply for shares, but will not receive special treatment in the allocation.

Mr Norman Lamont, financial secretary to the Treasury, yesterday visited the inquiry handling centre in Bristol and announced that the number of people who had registered for prospectuses and application forms had reached 5m.

Priority registrants who decide to apply for the shares when the offer opens on Tuesday, October 20 will therefore be guaranteed an allocation of £379 worth of shares at BP's closing price yesterday.

That figure is considerably higher than the allocations which have been made in other recent privatisation issues. Small investors who applied for BAA shares in July each received only 100 of the 245p shares, and none at all if they applied for over 1,000.

Mr Lamont also announced that up to 10 per cent of the shares in the fixed price part of the offer would be set aside to give priority applicants more shares than they would receive as ordinary applicants.

Renishaw rises to £7.5m

AN EXCEPTIONAL credit of £2.39m arising from successful patent litigation enabled Renishaw, maker of machine tool measurement probes and scientific instruments, to raise pretax profits by £0.5m to £7.51m in the year ended June 30 1987.

Before taking account of the exceptional item, profits were down from £7.02m to £5.12m. Turnover was £23.11m (£21.39m) andafter tax of £2.15m (£2.02m) earnings per 5p share emerged ahead from 16.22p to 17.41p. The final dividend is 1.7p for a total payment up 0.3p at 2.5p.

The exceptional item comprised £3.34m, after legal costs, from the GTE Valeron settlement, less the costs and provisions relating to the reorganisation of Renishaw-MAE amounting to £0.96m.

Bradstock

The Kuwait Investment Office yesterday (Wed) raised its stake in Bradstock Group, the insurance broker, to 13.4 per cent. The shares added 2p to 355p.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corresponding div	Total for year	Total last year
Ashley (Laura)	int	0.85	Jan 6	0.75	-	2.25
Benstead	int	0.1	Nov 24	nil	-	0.1
City and Foreign	fin	2.92	Oct 30	1	2.92	1
Cussins Prop.	int	2.8†	Nov 27	2.6	-	6.6
Eadie Holdings §	int	0.75†	Nov 30	nil	-	1.5
Erith	int	2	Dec 1	1.3	-	4.3
Foseco Minsep	int	3.5	Jan 4	2.95	-	9.2
Gent (S.R.)	fin	0.65	-	nil	1	0.5
High-Point §	fin	2.75	-	nil	4.5	1.75
Holmes Protect	int	1♠†	Jan 19	0.95	-	2.6
Local London §	int	3†	Nov 16	-	-	3
Murray Elec.	fin	0.2	Dec 16	0.2	0.2	0.2
Renishaw	fin	1.7	-	1.5	2.5	2.2
Silkolene	int	4	Jan 4	3	-	6
Sintrom	int	0.75	Nov 16	0.75	-	2.2
Tesco	int	1*	Nov 30	0.85	-	2.43
Triefus	int	0.5	-	nil	-	0.96*
UTC Group §	int	3†	Dec 31	nil	-	nil
Wentworth Eng. §	fin	1.75	-	1.75	1.75	1.75

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §Unquoted stock. ØThird market.♠ US cents.

UK COMPANY NEWS

Local London £28m cash call: profits jump 63%

BY PHILIP COGGAN

Local London Group, the business centre specialist, is making a £28m rights issue to fund its expansion. The company announced the one-for-four issue yesterday, as well as reporting a 63.3 per cent jump in interim pre-tax profits and its intention to transfer from the USM to the main market next year.

Part of the proceeds of the rights will be used to fund the £7.1m purchase of Samplemedium, a residential property trading company, which owns 12 apartment blocks. The properties acquired with Samplemedium will be managed by Mr Charles Llewellyn, who joined the group when Local London acquired the Selmonde residential property company in July.

The consideration for Samplemedium is in the form of 967,000 shares, of which 181,000 will be retained by the vendors and the rest will form part of the rights offer.

In all, 3.75m shares at 735p each are being offered under the rights by Samuel Montagu; the rest of the proceeds will be used to fund further business centre developments and to finance the increase in Local London's stake in Marina Development Group from 13.4 per cent to 21.7 per cent.

Local London has rapidly expanded since joining the USM last year valued at only £5.6m; its market capitalisation before yesterday's announcement was around £128m. In May, the group acquired Standard Securities, the main market property company, for £40m and the previous results have been adjusted on merger accounting principles.

The main business of the group is the conversion of properties into business centres, which are then rented to companies in return for a licence fee which covers services like photocopying and cleaning. When Local London came to the market it had nine such centres; it hopes to have 30 by this time next year.

The company says that unlike last year, the majority of its profits will be earned in the second half. In the six months to June 30, licence and other property income was £3.51m (£2.49m) and the surplus on property sales was £1.74m (£1.43m). After property *outgoings of* £1.7m (£1.3m), administrative expenses of £931,000 (£515,000) and net interest payable of £189,000 (£152,000), pre-tax profits were £2.44m (£1.96m).

Earnings per share were 11.1p (10.2p) and the interim dividend is being set at 3p (nil). The directors intend to pay a final of 4.3p (3p).

The news of the rights issue knocked 45p off the shares to 800p.

• comment

Local London's rise is looking almost as breakneck as Blue Arrow's; after the rights issue, the property group's market capitalisation will have increased 25-fold in just over a year. Such growth makes traditional share valuations fairly obsolete; the p/e falls from 44 on last year's earnings to 23 assuming full year pre-tax profits of £8.5m. Further rapid growth looks inevitable, given that the group arranged £64m of borrowing facilities even before the rights issue. Are the expansion plans too ambitious? The original niche in business centres certainly looks to have many years of growth left in it; one can only hope that a collapse in the London residential property market does not cause the company to regret its diversification. But for the moment, the rating looks deserved and a stock split around the end of the year could well improve marketability.

Further recovery at Gent

Mr PETER WOLFF, who took over the chair of S.R. Gent, the London-based clothing manufacturer last December, yesterday *reported a further recovery* in the company's fortunes.

For the year to end-June 1987 turnover increased from £83.83m to a record £88.04m and at the pre-tax level profits amounted to £1.42m, a swing of £2.66m over the previous year's loss of £1.24m which was struck after making an exceptional stock provision of £1.7m.

A final dividend of 0.645p (nil) makes a total of 1p (0.5p).

Mr Wolff said the year-old policy of less reliance on seasonal *merchandise* had shown positive results. The company, he added, was now a much trimmer organisation with a production capacity and flexibility to take advantage of a better balanced product range.

Shareholders were told that prospects for the company were promising with a year of further progress envisaged. All areas, with the exception of the newly-formed homewear division and New Zealand, were in profit. Tax for the year took £218,000 (£148,000). An extraordinary provision of £71,000 (£258,000) was in respect of the intended disposal of the New Zealand related company.

Earnings per 10p share amounted to 3.3p (losses 3.9p) on a net basis or 3.7p (losses 3.8p) on a nil distribution basis.

The company's principal customer is Marks and Spencer.

• comment

SR Gent, though not out of the woods yet by a long shot, has tipped its stocks of red ink in the bin and refilled with blue. The halcyon days of 1984 – profits £6.12m – seem a lifetime away and to take even the first steps *back in that direction* the company has had to overhaul its complete range. Prior to the retail explosion that Next and its lookalikes brought to the High Street, about 80 per cent of S.R. Gent's turnover was in dresses, going to Marks and Spencer. At the best of times trying to be all things to all women, suddenly they were like yesterday's news, stale. The consumer wanted action sportswear, fast fashion. Gent's trek back has been hard work and further recovery is to come, but the range is looking right and ready to be built on. The shares closed 8p down at 100p. Assuming pre-tax profits this year of about £3m and a 15 per cent tax charge, that puts them on a prospective p/e of 15, fairly valued.

HIGHAMS, privately-owned textile and property group which has voting control of Manchester Ship Canal, has raised its holding of the ordinary shares from 34.45 per cent to 41.16 per cent.

Holmes Protection

Holmes Protection Group Inc, (formerly Scusa) saw pre-tax profits rise to $7.05m (£4.32m), against $6m, in the first half of 1987. Turnover for this New York-based electronic protection services company which is listed on the Stock Exchange, rose from $26.2m to $29.28m (£17.97m).

After tax of $625,000 ($386,000) earnings per 1c share came out at 10.1c (9.1c) and the interim payment is being increased from 0.95c to 1c.

Berkeley & Hay

Berkeley & Hay Hill Investments is proposing to acquire W.S.J (Holdings) for £6.8m. The company announced this yesterday when issuing its interim results, which showed a 4 per cent rise in pre-tax profit from £403,000 to £420,000.

For the six months group turnover was £4.57m (£2.7m).

Eadie Holdings

Taxable profits at **Eadie Holdings**, which has interests in specialist engineering companies, fell from £165,000 to £140,000 on turnover ahead from £3.9m at £5.38m in the first half of 1987.

The interim dividend is 0.75p (nil) and after tax of £24,000 (£25,000) earnings fell from 1.55p to 1.12p.

Security Archives oversubscribed

The USM offer-for-sale in **Security Archives (Holdings)** was 51 times oversubscribed when applications closed on Tuesday. Baclays de Zoete Wedd was offering 1.77m shares, 28.2 per cent of the equity, at 130p each, giving the group a projected market capitalisation of £8.2m.

Applications from employees in respect of 127,000 shares will be allocated in full. Other applications will be dealt with as follows: those who applied for between 200 and 9,000 shares will go into a weighted ballot for 200 shares; those who applied for 10,000 shares and above will receive 2 per cent of the shares applied for.

Dealings are expected to begin on Tuesday.

Cussins Property doubles midway

Cussins Property Group, commercial and residential builder based in Newcastle upon Tyne, reported interim pre-tax profits more than doubled to £1.13m against £518,000. And Mr Peter Cussins, chairman, said that he expected full year profits to exceed last year's but the full benefits of reorganisation and improvements elsewhere would not be seen fully until 1988.

In the first six months of 1987 turnover fell from £3.7m to £3.63m. After a tax charge of £265,000 (nil) earnings per 20p share came out at 14.18p (9.39p). The interim dividend is being raised from 2.6p to 2.8p.

High-Point recovers

High-Point Services Group, a USM quoted company which provides financial services to contracting, offshore oil and gas and allied businesses, yesterday reported a sharp recovery in profits for the year to May 31 last.

Having slumped from £909,000 to £472,000 in 1985-86, pre-tax profits last year bounced back to £1.25m with earnings per share more than doubled at 17.54p (8.08p). After passing the final dividend in the previous year, a final payment of 2.75p per 10p share is now proposed to make a total of 4.5p (1.75p).

Turnover of the group and its associates doubled last year to £24.21m (£12.23m).

Boustead

Action undertaken by **Boustead** bore fruit in the first half of 1987 with the company reporting profits of £368,000 pre-tax for the period compared with previous losses of £143,000.

Earnings per share worked through at 0.55p (losses 0.25p), an interim dividend of 0.1p is being paid, the first such payment since 1983, and a healthier balance sheet has emerged with gearing reduced from 49 per cent to 8 per cent.

The company is an overseas trader and financial holding concern. UK operations made profits of £177,000 (£113,000).

First half turnover declined to £14.25m (£18.85m).

Erith increase

A continuing buoyant demand for building materials in London and the south-east during the first six months of 1987 enabled **Erith**, Hertfordshire-based builders' merchant, to lift its profits for the period from £1.02m to £1.87m pre-tax.

Turnover for the opening six months advanced from £26.92m to £34.24m generating a trading surplus of £2.25m compared with £1.44m.

Earnings worked through 2.87p higher at 6.23p per 25p share and the interim dividend is being lifted from 1.3p to 2p net. A scrip issue on a one-for-one basis is also proposed.

Nikki Tait considers the future of the UK's largest investment trust group

Making waves in the Touche Remnant ocean

MR RICHARD THORNTON might prefer the image of a hard-nosed financier to that of a charitable benefactor. Even so, shareholders in Touche Remnant investment trusts owe him *a large debt of gratitude.*

A cheeky bid by his Luxembourg-based Thornton Pacific Investment Fund for the substantially larger TR Pacific Basin trust was abandoned two *weeks ago, shortly after the first* close. No surprise there: the opening shot was enough to prompt TR - Britain's largest investment trust group with 11 funds with assets totalling *£2.5bn, and accounting for* 10 per cent of the entire investment trust sector - into producing extremely attractive alternative proposals.

But Thornton's approach has wider repercussions. The suggestion that TR's proposals for its Pacific Basin fund could usefully be applied to certain other trusts - in particular some of the geographical and sector specialists - has been widely mooted. Lord Remnant, chairman of the group, maintains firmly that this will be a matter for the boards of individual *funds. Privately, however, even* TR managers concede that the logic of offering shareholders in the other funds a similar three-way option - cashing in or valuing their holdings at close to *net asset value, or remaining* with a new investment trust - is fairly compulsive.

Last week, the first short-term ripple emerged. Platou, a Norwegian investment group, launched a bid for the £136m TR Natural Resources, where it already holds a near-29 per cent stake. Platou says simply that it likes its investment, wishes to increase its stake to just over 50 per cent, and denies that the timing is related to the Thornton approach. Nevertheless, Mr Truls Persen, vice-president, concedes that "we read the papers" and has already made it clear that Platou intends to obstruct any other rival "reconstuction" - a point which may not delight all TRNR shareholders, given that Platou's cash offer is worth just 94 per cent of net asset value while the board scheme *for TR Pacific offers 99* per cent.

And this week a near 15 per cent stake was acquired in the TR Technology Investment Trust by a Jersey-based group, *Firmandale Investments, which* has unknown beneficial ownership and is advised by Berkeley Govett, the fund management group.

But potential repercussions of the Thornton approach are more fundamental still, digging deep to the heart of Touche

Lord Remnant, chairman of Touche Remnant

Remnant itself. The management company, which overall funds under management worth a chunky £4.5bn, is wholly owned by its 10 mainstream investment trusts. If any one of them is taken over or changes its structure (or, for that matter, acquires a 25 per cent-plus shareholder) the others have a pre-emptive right to buy the TR shares.

But at what price? Touche Remnant, as a fund management house, has a curious and *unsettled history. It grew out of* Touche Ross, the accountancy firm, which has been involved with investment trusts since the last century. In early 1970, Touche Ross hived off its invest*ment management interests in*to Touche Remnant, then a wholly-owned subsidiary. A few years later, ownership switched to the trusts themselves.

Until three years ago, however, the management company - TR Holdings - was virtually run as a co-operative. There was no attempt to make profits, both for tax reasons and because its owners (the trusts) would be the victims of any commercial charging. Instead, expenses of the management group were simply shared among the ten trusts.

TR INVESTMENT TRUST HOLDINGS IN MANAGEMENT COMPANY

Name	%
TR Trustee	10.8
TR Australia	4.5
TR City London	8.8
TR Nat Res.	9.5
TR Ind.& Gen	22
TR Pacific	8.4
TR Technology	14.4
TR North Am	6.8
TR Property	7.1
Bankers Inv	7.6
Making total	100

That is changing - albeit slowly. During 1986, when funds under management rose to £3.8bn, the trusts adopted a 0.7 per cent annual management charge on quoted assets and 1 per cent on unquoteds. The result: TR Holdings made £2.26m pre-tax, compared with £910,000 in 1985 and just £20,000 the previous year. *Even so, Lord Remnant* maintains that the move to a fully commercial structure is incomplete: this year, the fee structure should generate "true" profits but the benefits of ad*ministrative reorganisation will* not come through until 1988 and after.

As far as the trusts themselves are concerned, an attempt to rejig operations came a little earlier. In 1982 - with management groups generally beginning to tackle the problem of an oversupply of investment trusts - TR unitised its Cedar fund and turned nine other trusts into "specialist" funds (ranging from technology to property to specific geographical areas). A nice idea but - at least from an institutional *shareholder's viewpoint* - one that has quickly become outdated. Increasingly, the larger houses have tended to develop their own internal specialists.

On the plus side, unitisation of Cedar did leave the group with a core unit trust business to which it is currently devoting much energy. In the past 20 months, claims TR, funds under management on this side, have grown from £40m to £350m. As is widely recognised, unit trusts are significantly more profitable to manage than investment trusts, with annual fees often twice as high.

So how should TR be valued? At the half-year (end-July), the management company was in the investment trusts books at about £30m. Since then, TR Holdings has had a £10m rights issue - raising sufficient money, according to Lord Remnant, to meet the new registration requirments of the Investment Management Regulatory Organisation (IMRO). The management company *is currently* holding the cash, but says it will be ploughed steadily into the business.

But even £40m (for a company holding £10m cash) would ap*pear to be a significant under*valuation. The recent sale of County NatWest's unit trust business may have set a new benchmark but the fact remains that it fetched £40m for funds of £400m - only slightly larger than TR's own unit trust arm. What price TR's other £4bn-odd under management, consisting of largely pension fund money plus the investment trusts themselves - even allowing a discount for low current profitability?

The actual answer will emerge when Touche Remnant *winds up the Pacific Basin fund* - assuming shareholders give their approval. But if that holding, and perhaps TRNR's stake in TR are up for transfer, are shares in the management company *about to become* increasingly concentrated in the remaining independent trusts? On that score, Lord Remnant will say only that "plans are under review", and declines to elaborate.

All of which basically leads back to the question of TR's own independance. Publicly, the fund management has made clear that its own preferred course is to run on for another four years, push up profit margins, and then come to the stockmarket. That would neatly coincide with the management share options which comes un*der for exercise from 1990 on*wards.

But it is also no secret that abortive bid talks held with Metropolitan Life, the U.S. group which is the world's third largest life company, left a good deal of management unease, leading to a boardroom shake-up last June. Since the Metropolitan talks, Lord Remant concedes that approaches have come fairly thick and fast - "it's been very flatterring and flushed out a lot of people".

Still, he maintains "TR is very hopeful of staying independent". But even if Mr Thornton has gone away, the job of protecting that postion in his wake, does not look likely to get any easier.

Zygal Dynamics in £7m equipment purchase

By Dina Medland

Zygal Dynamics, computer products concern, has bought Coulson Heron Associates, a private company which supplies computer equipment manufactured by Digital Equipment Company, for some £6.9m.

Payment is to be met by the issue of 5,401,408 new ordinary shares, of which 1,855,653 have been conditionally placed to realise some £2.3m for the vendors. A further 385,821 new ordinaries may be issued depending on CHA's pre-tax profit for the year ending October 31, but the vendors have warranted a pre-tax profit of £825,000.

CHA's turnover and profits have increased strongly over the past five years, Zygal said. In the year ending October 31, 1986, the company made a pre-tax profit of £651,000 (£349,000) on turnover of £6.4m (£3.5m).

The purchase reflects Zygal's continuing intention "to seek to acquire companies in related and complementary areas of operation" the directors said. Zygal showed a sharp improvement last year with pre-tax profits of £811,000 against a previous, restated, loss of £2,000.

The directors said Base-Sys, which was acquired in March, was progressing well, and looked to additional liquidity *within the enlarged group fol*lowing the CHA purchase.

Silkolene interim boost

BACKED UP by substantially better halfway figures, the directors of **Silkolene Lubricants** are now confident their earlier forecast of record profit for 1987 will materialise.

For the period to June 27 profit before tax shot up from a depressed £31,000 to £966,000, achieved on a reduced turnover of £11.16m (£11.94m).

*That significantly better per*formance, they said, was largely a reflection of reduced cost of sales - they were down by £1.7m, closure of the re-refinery and reduced sales of low margin *products, together with stricter* cost controls, explained Mr Richard Dalton, the chairman.

Withdrawal from the sale of re-refining by-products and lower prevailing market prices led to the reduction in turnover, notwithstanding higher overall volume of products sold.

Lubricants and petroleum jellies were up on the same period of 1986 by 9 and 25 per cent respectively.

An encouraging start had been made to the second half, the chairman stated. The inter*im dividend is being lifted by* 1p to 4p. In 1986 the total was 6p from profits of £789,000.

The re-refining plant, disused since May 1986, had been dismantled and sold. The area oc*cupied by that plant had been* made good and contributed to site operating flexibility.

After tax £386,000 (£22,000) earnings for the period came to 13.8p (0.2p).

Toye advances to £256,000

Pre-tax profits of Toye & Company, the civil and military regalia concern, rose from £241,400 to £256,000 for the first half of 1987. External sales increased to £4.07m, against £3.64m.

After tax of £105,000 (£95,000) earnings per 25p share were6.7p (6.5p).

Routine forward order books continue to be buoyant. Although some useful contracts now seem likely to materialise in the second half, the company said it was doubtful that theseorders would be received in *time to be manufactured and in*voiced until early 1988.

UK COMPANY NEWS

USH makes £35.6m cash call

BY CLAY HARRIS

United Scientific Holdings, the defence equipment group, yesterday launched a rights issue to raise £35.6m and agreed to pay up to £9m for Fernau Avionics, designer and manufacturer of direction-finding and distance-measuring equipment.

The rights issue is in the form of two convertible preference shares at 100p each for every three ordinary shares. The new shares are non-voting and contain a "poison pill" provision to deter possible predators. Earlier this year, Thorn EMI sold a 4.9 per cent stake in USH after its overtures met a frosty reception.

USH said that the rights issue would provide flexibility for its expansion plans, especially in developing a simulation and training division. The group was looking for international opportunities, including building on the recovery of US operations. The proceeds would also reduce gross borrowings, which amounted to £32m on September 1.

Fernau has expanded in recent years from navigational systems for airfields into defence security - the directional surveillance and analysis of electronic transmissions. It will operate as a separate division within USH.

One £5.5m military contract for an overseas customer accounts for 80 per cent of Fernaud's current order book, and £3m of the purchase price is deferred until after its completion. The same customer has a £50m budget for additional purchases, according to Mr David Fraser, USH chief executive.

The St Albans-based company was founded in 1970 by former STC engineers led by Mr Guy Fernaud, who will continue as managing director until USH appoints a successor and subsequently as a consultant at least until the end of 1988.

Fernaud achieved pre-tax profits of nearly £1.2m on sales of £4.3m in 1986, for an exit p/e of less than 12. It had net tangible assets of £5.63m at the end of 1986.

For the year that ended yesterday, USH said that its own pre-tax profit would reach at least £11m, against £3.2m in 1985-86. It plans a final dividend of 4.2p (3.8p) to make a total of 6.6p (6p).

The new cumulative preference shares will pay a 5.5 per cent dividend. Each 100 shares will be convertible into 30.769 ordinary shares in 1990-98. If control of the company changes, however, holders will be entitled to convert at higher rates, subject only to six weeks' notice.

B'mingham Mint in £2.8m purchase

By Dina Medland

Birmingham Mint, coins, electrical components group, has agreed to buy Nevin Electric (Holdings), which makes electronic systems, equipment and components, for £2.8m.

The purchase is to be paid for by the issue of 1,314,554 new ordinary shares in Birmingham Mint, to be bought by Hill Samuel and offered to qualifying shareholders.

An additional payment not exceeding £2.45m may be payable depending on the profits of the Nevin Group in each of the two years ending July 30, 1988 and July 29, 1989.

Nevin's pre-tax profits on continuing operations for the year to July was £752,000.

Nevin's existing net borrowings of some £2.8m are to be repaid by Birmingham Mint through the issue for cash of 1,507,128 additional new ordinary shares, which will also be offered to qualifying shareholders, at 213p per share. This is expected to provide funds to cover the costs of the acquisition.

The purchase of Nevin provides the company "with an opportunity to continue its strategy by establishing a further area of related activity in a growth market" the directors said.

Harmony Leisure £8m rights

BY CLAY HARRIS

Harmony Leisure Group, the USM-quoted pub and restaurant operator, yesterday launched a £8.31m rights issue and announced that **Queens Moat Houses**, the fast-growing provincial hotels company, had taken a 14.9 per cent stake.

The one-for-one issue is priced at 66p compared with yesterday's opening price of 81p. The proceeds will be used initially to eliminate borrowings and then to finance further acquisitions, according to Mr *Stanley Lever, chairman.*

Although Queens Moat views its holding - bought at the rights price - as an investment, the two companies will establish informal trading links. Harmony plans to add accommodation at some of its inns and expects Queens Moat to refer to it properties which are too small for the hotel group's own use.

Harmony said it had paid £770,000 for The Cricketers, a freehold pub and restaurant in Warfield, Berks., and sold six leasehold pubs in greater Lon*don for £420,000 to Watney.* The leases contained conditions which restricted development.

After the acquisition and disposals, Harmony will have 25 properties, all in south-east England and most within the M25 orbital motorway. More than half are owned freehold.

Queens Moat bought its 14.9 per cent share from Mr Lever and his wife and has undertaken to maintain the stake by taking up its rights. The Levers' holding has fallen from 60.4 per cent to 45.5 per cent and is expected to decline to 23 per cent after the rights issue, which is underwritten by the company's *stockbroker, Capel-Cure Myers.*

Sintrom warns on second half profits

Sintrom, Reading-based computer peripherals and systems company, increased its profits only marginally in the first half of 1987 and warned that second half growth would be held back due to some large orders being delayed.

During the half year, in which the company made three acquisitions, turnover rose to £9.26m (£8m) and profits to £603,000 (£589,000) pre-tax.

Earnings emerged at 4.4p (4.2p) per 10p share. The interim dividend is a same-again 0.75p.

UTC asks for £8m to promote further growth

UTC Group, the financial services concern, announced interim profits topping the £1m mark and said it planned to raise £8.3m net via an underwritten rights issue.

Mr John Vincent, chairman, said the new money would be used to promote further growth from a strong financial position. It would allow flexibility to take advantage of attractive opportunities for growth by investment, organically and selected acquisitions.

The cash would also provide capital for development of the financial services activities, and support any further strengthening required in the solvency margins of stockbroking operations.

The rights is on a one-for-four basis at 300p per share, a discount of 63p on Tuesday's USM closing price. It is payable in full on acceptance and Henry Ansbacher is the underwriter.

For the first half of 1987, turnover declined to £6.29m (£9.56m) but the pre-tax profit surged to £1.15m (£649,000). The accounts are on a merger basis and reflect a full contribution from United Trust & Credit, acquired in February, and comparisons have been adjusted. No contribution is included from Pepper Angliss & Yarwood, purchased in August.

Explaining the reduced turnover, Mr Vincent said turnover of UTC Securities represented commissions received as a Stock Exchange agency stockbroker, whereas last time the company acted as a market maker with turnover representing its volume of business handled as a principal.

Earnings for the period came to 8p (4.4p) and an interim dividend of 3p is declared.

Triefus up 21% midway

Triefus, marketer, processor and valuer of diamonds, increased pre-tax profits by 21 per cent from £443,000 to £535,000 in the first six months of 1987 and is returning to the interim dividend list with a payment of 0.5p.

Group turnover for the period was up from £11.82m to £12.83m; with a lower proportionate tax charge, earnings per 25p share were lifted from 2.14p to 3.39p. Minorities accounted for £93,000 (£77,000).

The directors said that operations in England had continued at a similar level to the 1986 level and in France sales had increased and profits maintained. In Sweden the company was continuing to suffer from the downturn in demand from the mining industry. Investment already made in capital equipment and R & D was helping the company to maintain sales volume.

The three different businesses in Australia were all thriving and a particular improvement in results had been achieved by the manufacturing company.

In these more favourable circumstances, the company felt able to propose the resumption of interim dividends. The present indications were that the group would continue to strengthen.

Sinclair beats forecast

Sinclair Goldsmith Holdings, the chartered surveyor which came to the market in February this year, has beaten its forecast with pro-forma pre-tax profits of £1.01m (£612,000) on turnover of £2.98m (£2.05m). Earnings per 10p share came out at 6.65p (3.82p) and, as forecast, a dividend of 0.75p is being recommended.

Directors said that the listing had raised the profile of the company enabling it to recruit high calibre staff which in turn had resulted in it receiving a number of important instructions.

Elson & Robbins

Elson & Robbins, reported a turnround from losses of £213,000 pre-tax to profits of £672,000 in the six months to the end of June 1987.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Cowells, Dosflex, Empire Stores, Etam, Felixstowe Dock and Harbour, W. & R. Jacob, Jacques Vert, Kleinwort Benson Gilt Fund, Laing Properties, Metsec, Parrish, Rivlin, Stylo, Triplevest, United Friendly Insurance

Finals- Brierley Investments, Dowding and Mills, Galliford, HTV, Lawtex, Regina Health and Beauty Products, Sound Diffusion, Throgmorton Dual Trust.

FUTURE DATES

Interims-	
Asda Property	Oct 5
Brown Shipley Int'l Currency Fund	Oct 5
Brown Shipley Sterling Bond Fund	Oct 5
Brown Shipley Sterling Capital Fund	Oct 5
Burtonwood Brewery	Oct 29
Monument Oil and Gas	Oct 8
Quadrant	Oct 8
Wartsila	Oct 7
Finals-	
Beckman (A.)	Oct 7
Photo-Me International	Oct 8
TSW - Television South West	Oct 7

MONTHLY AVERAGES OF STOCK INDICES

	September	August	July	June
Financial Times				
Government Securities	85.76	86.13	89.97	91.75
Fixed Interest	91.78	94.29	97.45	98.21
Ordinary	1,801.8	1,758.3	1,855.2	1,759.8
Gold Mines	450.4	440.9	420.2	385.6
SEAQ Bargains (5p.m.)	36,246	41,270	53,501	48,405
F.T.—Actuaries				
Industrial Group	1,200.55	1,173.47	1,229.53	1,173.72
500 Share	1,288.30	1,265.96	1,327.37	1,261.63
Financial Group	842.64	804.72	853.00	785.00
All-Share	1,174.38	1,147.72	1,200.11	1,132.34
FT-SE 100	2,300.8	2,256.3	2,366.7	2,265.8

	Sept. High	Sept. Low
Ordinary	1,853.7(30th)	1,756.1(9th)
All-Share	1,208.89(30th)	1,147.0(2nd)
FT-SE 100	2,368.3(29th)	2,249.1(9th)

Gem of a find holds dealers in thrall

BY RICHARD LANDER

AT MIDDAY today, a deathless hush will fall over an office in the Belgian city of Antwerp as more than 30 diamond dealers from around the world wait to see which of them has successfully tendered for a rare uncut diamond which weighs in excess of 100 carats.

The gem, weighing in at 143 carats, comes from the Aredor mine in Guinea, west Africa, which is operated and part-owned by Bridge Oil of Australia. It is expected to fetch at least $2m when the sealed envelopes deposited by the bidders are opened.

In February, a 100.2 carat gem from Aredor was sold for $1.6m. Since then, the diamond market has been sufficiently buoyant for the De Beers Central Selling Organisation to raise prices by 10 per cent.

However, unlike 80 per cent of the world's rough diamonds, the flat 3½ cm-square gem is being sold in the Antwerp offices of the Industrial Diamond Company rather than at one of the CSO's sales (known as sights) in London.

The company has a minority stake in the project, allowing the Guinea Government, whose representatives will be in Antwerp tomorrow, to avoid the embarrassment of being associated with the South African-owned CSO.

"It is a magnificent piece apparently flawless," said Mr Richard Lunzer, managing director of Industrial Diamond.

The diamond is a mere peanut compared with the largest ever found—the 3,106 carat Cullinan rock discovered in South Africa in 1905. But the cutters of Antwerp, New York, Tel Aviv and Bombay will be kept busy should the Aredor rock come their way.

EC sets fishing controls to stop Atlantic war

BY TIM DICKSON IN BRUSSELS

THE SEVERE strain in relations between Canada and the EC over fishing could be eased following a decision by European fisheries ministers in Brussels on Tuesday night.

This involves a new control system for community vessels—predominantly Spanish and Portuguese—fishing in the North-West Atlantic Fisheries Organisation (Nafo) area which lies outside the 200-mile limits of Canada, the US and Greenland.

Until June, the EC participated in a joint enforcement scheme operated by other Nafo members, which include the Soviet Union, Cuba, Norway and Canada.

But the EC pulled out because of what officials in Brussels alleged were abuses by Canadian inspectors against EC boats. In one celebrated incident in the summer of 1986, a Spanish vessel was boarded and then chased half way across the Atlantic.

The EC said it would set up its own "equivalent" system of policing.

Under the deal unanimously approved by fisheries ministers, member states with more than 15 boats in the Nafourea will have to provide their own national inspector. The Commission's inspectors will be allowed to make checks in the area on their own, a significant departure from the position within Community waters which only provides for visits to ports accompanied by a national official.

Other parties contracting to the multilateral Nafo arrangements will also be allowed to participate.

Community diplomats said it was significant that Tuesdty's agreement had been unanimous. It would show the Canadians that the EC is serious about conservation and the prevention of overfishing.

A Canadian Government official last night described the move as "positive" but reserved further judgment until the details had been studied.

The Canadians, who deny allegations of malpractice, feel that since their fishing grounds are adjacent to the Nafo area and several species migrate across the boundary, they should have most influence over how the rules should operate.

Channel limits on cod are pushed up

By Tim Dickson

FRENCH AND British fishermen have been thrown a modest lifeline in the form of a 3,000-tonne increase in the 1987 cod quota for the English Channel to 19,000 tonnes.

The European Commission orginally said that only 18,000 tonnes could be justified by the available scientific advice, but EC fisheries ministers unanimously approved the higher figure.

The measure was incorporated in a complicated three-way package. This included approval for an increase in the minimum mesh size for boats in the *English Channel* from 75mm to 80mm to take effect from January 1 1989, and a derogation from mesh restrictions up to the end of the year for West German boats fishing for eels in the "cod box" area of the German Bight.

Coffee dips as quota talks hit stalemate

By Richard Lander

COFFEE PRICES went into reverse yesterday, retracing recent gains, after 10-day-old talks in London between producers and consumers on reintroduction of export quotas reached stalemate.

Hopes of reaching an agreement before the scheduled end of the talks yesterday were dashed by a new quota proposal put forward by consumers on Tuesday.

Backed strongly by several importing countries including Britain and the US, the proposals would reduce the quota shares of Brazil and the French-speaking West African countries.

Consumer delegates claim their proposals are more objectively-based than the producer ideas, which allow for political bargaining to adjust final quotas.

Neither side could claim a united front for their plans. France and Italy, where traditional suppliers would be hurt by the consumer proposals, dissented from their colleagues, as did Indonesia, the wolrd's third largest producer, which stands to gain market share under the consumer plan.

With the talks now extended until at least tomorrow, delegates have been coming up with ways to overcome the impasse. A suggestion by the US to reduce the 52-nation contact group representing both sides to a less-unwieldy size was opposed by Brazil.

November futures on the London Futures and Options Exchange (FOX), having pushed their way through £1,300 a tonne while the talks have been in progress, retreated £25 to £1,287.50 yesterday.

World surplus forecast depresses cocoa price

BY DAVID BLACKWELL

COCOA PRICES fell to their lowest levels since 1983 in London yesterday in heavy trading following a forecast by influential London trading house Gill & Duffus that the world surplus for 1987-88 would be substantially up on this season's.

The price for the December contract on the London Futures and Options Exchange (Fox) closed at £1,187 a tonne, a fall of £28.50 on Tuesday's close. On January 24 1983, at a time when stocks were being drawn down, the price stood at £1,183.50.

Gill & Duffus is predicting a world crop of 2.06m tonnes next year, leaving a surplus of 115,000 tonnes, compared with a revised estimate for this year's surplus of 75,000 tonnes

This marks the fourth successive year of a world cocoa surplus.

Mr John Patrick of Gill & Duffus said yesterday that the world's chocolate industry was doing well and grindings were set to rise by 4 per cent in 1987-1988. But increases in production were not sufficient to soak up the consistent increases in cocoa production.

Some dealers felt the Gill & Duffus figures had been overestimated, particularly for the Ivory Coast, Nigeria and Brazil.

Just over two weeks ago talks aimed at restoring the International Cocoa Organisation's price support mechanism ended in failure for the second time in three months when producers and consumers were unable to decide the price level to be defended.

No buffer stock buying has been allowed in the market since June. Buffer stock buying has been suspended at least until the organisation meets again on November 30.

Soviet grain 'left in fields'

THOUSANDS OF tonnes of top-class Soviet grain are fit only for animal fodder after lying cut but unthreshed in rain, the trade union daily Trud said, Reuter reports from Moscow.

In a report from the grain-growing area around the River Ob in western Siberia, Trud said one-fifth of the crop was still out in the fields. Threshing stations were overloaded in the nationwide emergency operation to save the harvest from rain.

"Hundreds of hectares of wheat and barley are lying out in the fields for the second week. The grains fall out and die," Trud said.

Western agricultural experts say the bad autumn is bound to affect the 1987 Soviet crop. However, Soviet authorities have not revised a prediction they made in the summer that the crop would be as good as, or better than, last year's harvest of 210m tonnes.

Malaysia plans tin futures trade

BY WONG SULONG IN KUALA LUMPUR

TRADING IN tin futures will start at the Kuala Lumpur Commodities Exchange from October 27, Dr Lim Keng Yaik, the Malaysian Minister of Primary Industry, announced yesterday.

The KLCE will be the only market to offer tin futures trading since this was stopped on the London Metal Exchange after the International Tin Council crisis in late 1985.

Opening a tin futures seminar in Kuala Lumpur, Dr Lim said several features had been incorporated into the tin contract to make it attractive to overseas traders.

The contract will not be in ringgit, but in US dollars and the size will be in tonne lots.

There will be two trading sessions, with the second sessions at 16.00 to 18.00 hours Malaysian time. This will coincide with the morning trading session on the unofficial tin market in Europe.

Syed Jabbar Shahbuddin, KLCE chief executive, said the *exchange hoped to see a daily* turnover of 300 lots for the new contract.

The tin contract will be the fifth introduced on the KLCE. Existing ones are in palm oil, palm kernel oil, and two grades of rubber.

He said the next development on the exchange would be the introduction of locals—individuals who trade on their own account—to trade on the floor next year. This would create greater liquidity on the market at very low cost.

On the Kuala Lumpur tin market, physical tin was traded at 16.96 ringgit a kilo yesterday, up 1 cent. Turnover fell to 48 tonnes, from 90 tonnes, as mines held back offerings in the expectation of better prices.

El Cerrejon kept in the family

Sarita Kendall explains how Colombia's oil earnings will bail out its big coal project

COLOMBIA'S El Cerrejon coal development has gone through a tough period, and Carbocol has been looking for a way out of its financial problems. A deal involving the state petroleum company Ecopetrol, is taking shape.

Several formulas are apparently being discussed, including Ecopetrol's purchase of 24.5 per cent of El Cerrejon via a Carbocol subsidiary.

The Colombian state would then continue to control 50 per cent of the joint venture project. The other half is owned by Intercor, a Colombian subsidiary of Exxon.

"At first we thought of foreign investors, because there were no *local* resources for capitalising Carbocol," said Mr Oscar Mejia, President of the Colombian coal company.

"But with good oil exports, Ecopetrol wil have very high liquidity. Politically it is easier this way—it stays in the family."

Although legal procedures and other details have to be worked out, the parties are agreed in principle. As soon as a polished proposal is ready, it will be put to the economic policy council for approval.

"It is a good solution—if we had gone on getting loans, it would have been like a snowball," said Mr Mejia.

Ecopetrol has already contributed about hlf of Carbocol's capital, and another way of formalising the deal culd be a further big capitalisation of the coal company.

El Cerrejon is expected to earn some US$250m in steam coal exports this year. But at $28 per tonne, prices are only just ahead of running costs. The project, which was based on much higher price projections, has become something of a financial nightmare for Carbocol.

The state company has a foreign debt of more than US$1.3bn and is constantly patching together funds from different sources to keep abreast of investment, debt servicing and other obligations. An injection of US$600m or more by Ecopetrol will carry the project through to 1992, when coal prices should be healthier, according to Carbocol.

Investments cuts have already reduced the cost of El Cerrejon (including the northern zone mine, port and railway) from a planned US$3.2bn to US$2.8bn. This figures wil cover the increase in production to 15m tonnes by 1989.

In spite of a slow start to 1987, with buyers hanging back and hoping for lower prices, exports are moving fast and should reach 8.8m tonnes by the end of the year.

Carbocol and Intercor have been selling most of El Cerrejon's high quality coal in Europe, though new markets are now opening up in the Far East.

The centre zone of El Cerrejon, which was briefly exploited by a Spanish-Colombian group, has proved a headache for Carbocol. The small operation, using trucks for transport through Santa Marta proved uneconomic.

Now there are plans to reopen the railway and ship 500,000 tonnes of surface coal via the Northern Serrejon railroad, to Puerto Bolivar. The hope is that a new bidder will be found later to work the centre zone. But neither the local community, which has royalty rights nor Carboloc is over-optimistic.

However, another much bigger project seems to be going ahead. Carbocol is expected to approve an agreement with Drummond, the US company, and steel company Simesa for the exploitation of steam coal at La Loma.

The deposits are also located in north-eastern Colombia, but much further inland than El Cerrejon. Exploration and design work could start before the end of 1987.

An initial investment of US$400m would take production to 3m tonnes and then 6m tonnes in the late 1990s. Corbocol will receive a basic royalty and a share in the profits—this time the state company is staying clear of heavy investment responsibilities.

A decision on transport has yet to be made, though the most likely is a rail-barge connection to a new coal port, in Cartagena Bay.

Many of Colombia's coal deposits have not been explored, but known reserves reach 21bn tonnes. Smaller mining operations are supplying the domestic market as well as the Caribbean and Latin America.

Transporting relatively small quantities of coal to neighbouring countries is inefficient, and the feasibility of establishing a distribution centre in Curazao is being studied.

A major coking coal project in Central Colombia has been under discussion with Brazil for some time. This would involve joint investment in a coke plant.

The main deterrant has been the high cost of transport to the coast, but an outline agreement maybe signed when President Sarney visits Colombia later in the year. Once again, this venture would be export-oriented, designed mainly to supply Brazil, and Carbocol is anxious to build up domestic demand.

With such abundant oil, gas and hydro-electric power, local coal consumption has remained stagnant.

Colombia's large scale mining began just as coal prices plummeted, but this has not daunted Carbocol's sales experts. They have successfully broken into a variety of markets and aim to supply 10 per cent of world coal exports in the longer term.

Although coal earnings are still low in comparison with coffee and oil, which should bring in US$1.4bn and US$1.2bn respectively during 1987, the over-supply problem could be easing.

"The world price outlook is better than we had expected. The low has passed and there may be a small reactivation next year," Mr Mejia said.

LONDON MARKETS

ALUMINIUM PRICES, which flattened out on Tuesday after advancing steadily last week, went into retreat on the the London Metal Exchange. Prices were depressed in morning trading by Japanese selling, but they rallied in the afternoon on shortcovering. Dealers said there was a widespread belief in the market that a substantial correction to prices was needed before *the recent bull run* was resumed. A further possible unsettling factor was that at one stage yesterday aluminium lost its discount to copper prices, which also declined. Dealers said the general bullish sentiment over recent months appeared to have been somewhat overdone, and many traders were looking for further retracement or a period of cousolidation. Lead prices were firmer, but dealers said any advance from current levels would be likely to attract considerable selling interest from the trade.

LME figures supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.)	+ or —	High/Low
	$ per tonne		
Cash	1940-60	—40	—
3 months	1817-25	—24	1810

Official closing (am): Cash 1,920-40 (1,945-55), three months 1,800-5 (1,815-25), settlement 1,940 (1,965). Final Kerb close: 1,820-30. Ring turnover: 1,000 tonnes.

99.5% purity	£ per tonne		
Cash	1176-9	—18.5	1162
3 months	1103-4	—18.5	1118/1098

Official closing (am): Cash 1,161-2 (1,178-81), three months 1,092.5-3 (1,107-8), settlement 1,162 (1,181). Final Kerb close: 1,107-8. Ring turnover: 13,400 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1153-5	—11	1157/1153
3 months	1116.5-17	—18.75	1124/1101.5

Official closing (am): Cash 1,136-7 (1,139.5-40.5), three months 1,121-2 (1,126-7), settlement 1,137 (1,140.5). Final Kerb close: 1,122.5-3.

Standard			
Cash	1128-31	—11.5	—
3 months	1112.5-15	—9	

Official closing (am): Cash 1,131-4 (1,135-7), three months 1,117-20 (1,120-2), settlement 1,134 (1,137). US Producer prices: 88.25-88.25 cents per *pound. Total ring turnover:* 68,325 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	355-7.5	+3.75	356/354
3 Months	355-5.5.5	+5.5	358.5/352

Official closing (am): Cash 354-5 (353-5.5), three months 353-4 (352-3), settlement 355 (359.5). Final Kerb close: 358-9. Ring turnover: 10,850 tonnes. US Spot: 42 cents a pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	3285-90	—2.5	—
3 months	3290-5	—2.5	3295/3285

Official closing (am): Cash 3,280-5 (3,305-10), three months 3,280-5 (3,313-15), settlement 3,285 (3,310). Final Kerb close: 3,285-95. Ring turnover: 828 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	473.5-4.5	+1.5	—
3 months	475-5.5	+2.5	477/474

Official closing (am): Cash 473-5 (472-3), three months 475-6 (472-3), settlement 475 (473). Final Kerb close: 475-6. Ring turnover: 6,200 tonnes. US Prime Western: 43-43.75 cents per pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—
	—	—	—
	—	—	—

		Calls Nov.	Calls Jan.	Puts Nov.	Puts Jan.
Aluminium 99.5%	1,800	86	55	38½	127½
	1,850	55	40	57½	161
	1,900	37½	28½	86	198½
Copper (Grade A)	1,800	81	84½	38	88
	1,850	52¼	62½	62½	118½
	1,900	31½	44½	94	145½
	£/tonne				
Copper (Grade A)	1,100	52¼	47	15½	40
	1,125	28½	35½	25	53
	1,155	18	26½	40	66½

TIN

KUALA LUMPUR TIN MARKET—Close: 16.96 (16.95) ringgit per kg. Up 0.01.

GOLD

GOLD BULLION (fine ounce)	Sept. 30	
Close	$459-459½	(£281¼-281¼)
Opening	$459-459½	(£281¼-281½)
M'n'g fix	$459.15	(£281.657)
Aft'n'n fix	$459.50	(£282.040)
Day's high	$459½-460	—
Day's low	$458½-459	—

GOLD AND PLATINUM COINS		
Am Eagle	$472-477	(£290¼-293¼)
Mapleleaf	$475-476	(£291-291¼)
Kr'g'rnd	$458-461	(£281¼-283½)
½ Krug	$244-245	(£150-150¼)
¼ Krug	$125½-126½	(£77¼-77¾)
Angel	$470-475	(£289-291)
1/10 Angel	$49-54	(£30¼-33¼)
New Sov.	$108-109	(£66½-67)
Old Sov.	$106-108½	(£66½-67¼)
Noble Plat.	$600¼-607¼	(£369½-373½)

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.86p per kg lw (+0.46). GB—Sheep 176.80p per kg est dcw (+23.71). GB—Pigs 75.77p per kg lw (+2.07). GB—AAPP 95.59p per kg dw (+0.06).

FUTURES—Pigs: Oct 100.30, Nov 101.00. Sales: 8.

INDICES

REUTERS

Sept. 30	Sept. 29	M'th ago	Year ago
1640.3	1643.7	1661.5	1544.4

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Sept. 29	Sept. 28	M'th ago	Year ago
Spot	126.54	126.79	—	124.07
Fut	130.57	130.36	—	124.14

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Sept. 30 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$1816/830	—25	$1690/710
Copper			
Cash Grade A	£1153.5	—11	£1045.5
3 months	£1117	—18.75	£1029.75
Gold Troy oz	$459.25	—1	$463.75
Lead Cash	£356.5	+3.75	£404.5
3 months	£355.75	+5.5	£386.5
Nickel			
Free Mkt	241/251c	—8	244/264c
Palladium oz	$156.75	+1.25	$138.75
Platinum oz	$582.60	+3.85	$610.00
Quicksilver†	$300/310	—5	$286/296
Silver troy oz	466.65p	+4.45	461.70p
3 months	481.00p	+4.40	473.35p
Tin			
free Mkt	£4168/180	—25	£4178/280
Tungsten	$53.78		$53.23
Wolfram 22.01lb	$39/50		$43/55
Zinc	£474	+1.5	£464.5
3 months	£476.25	+2.5	£468.25
producers	$850		$860
OILS			
Coconut (Phil)	$490 w	—10	$490
Palm Malayan	$365z		$325
Seeds			
Copra (Phil)	$320		$315
Soyabean (U.S.)	$153v	+1	$146
GRAINS			
Barley Fut. Jan.	£104.30	+0.80	£100.00
Maize	£131.50v		£153.00
Wheat Fut. Jan.	£106.70	+0.80	£104.50
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Dec.	£1187	—28.5	£1254.5
Coffee Ft. Nov	£1287.5	—25	£1350.5
Cotton A Ind.*	80.05c	—0.45	85.80c
Gas Oil Nov.	$163.5	+2.5	$159.5
Rubber (kilo)	67.25p		69.5p
Sugar (raw)	$163w	+1	$152.2
Wooltops 64s	485p kilo		527pkilo

‡ Unquoted. † Per 75-lb flask. c Cents a pound. * Cotton outlook. v Oct. x Aug-Sept. w Oct-Nov. u Sept-Oct. y Nov. z Dec.

SILVER

Silver was fixed 4.45p an ounce higher for spot delivery in the London bullion market yesterday at 466.85p. US cent equivalents of the fixing levels were: Spot 764.25c, up 9.27c; three-month 780.2c, up 9.45c; six-month 796.8c, up 9.85c; and 12-month 829.7c, up 9.1c. The metal opened at 469½-471p (766-768c) and closed at 465-466½p (758-760c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	466.85p	+4.45	761c	—1.5
3 months	481.00p	+4.40	775c	—1.5
6 months	493.25p	+4.50	—	—
12 months	516.45p	+3.75	—	—

Three months final kerb 771-4c.

LME—Turnover: 2 (nil) lots of 10,000 ounces.

COFFEE

Robustas traded nervously whilst awaiting further developments from the current ICO talks, reports Drexel Burnham Lambert. After easing on early trade long-liquidation the market remained confined to a small range, trading in thin and generally quiet conditions. Slow progress at the talks weighed on the market, which closed towards the lows.

COFFEE	Yesterday close	+ or —	Business done
Sept.	—	—	1288-1265
Nov.	1287-1288	—25.0	1315-1285
Jan	1312-1315	—31.0	1342-1313
Mar.	1341-1342	—16.0	1361-1335
May	1360-1365	—15.5	1380-1360
July	1381-1385	—17.0	1397-1385
Sept.	1395-1400	—12.5	1415-1400

Sales: 3,673 (3,262) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for September 29: Comp. daily 1979 104.52 (103.59); 15-day average 104.53 (104.64).

COCOA

In more active trading conditions the market opened as due, £15 lower, and under continued general selling in the morning traded at life-of-contract lows. Prices steadied on light profit-taking in the afternoon. Origins remained sidelined but there was a small amount of manufacturer price-fixing, reports Gill and Duffus.

	Yesterday's close	+ or —	Business done
	£ per tonne		
Sept.	—	—	1180-1157
Dec.	1186-1188	—28.5	1205-1173
March	1218-1219	—29.0	1251-1208
May	1239-1241	—25.0	1258-1230
July	1259-1260	—29.0	1276-1255
Sept.	1281-1283	—25.0	1290-1275
Dec.	1304-1305	—24.0	1315-1295

Sales: 8,034 (4,109) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for September 29: 1,524.43 (1,547.55); 10-day average for September 30: 1,547.19 (1,548.37).

FREIGHT FUTURES

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1099/1102	1105/1098	1106/1110
Jan.	1161/1164	1174/62.5	1166/1172
Apr.	1199/1200	1205/1198	1199/1200
July	1050/1060	—	1065/1090
Oct.	1172.5	—	1170/1190
Jan.	1170	—	1170/1180
April	1255/1320	—	1272.5
BFI.	1045	—	1043

Turnover: 115 (244).

GRAINS

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Oct 93.75, Nov 96.25. US No 2 Soft Red Winter: Oct 90.00, Nov 92.25, Dec 94.25. French 11½-12 per cent: Oct 136.50 sellers. English feed, fob: Oct 108.00-108.50, Oct/Dec 109.50-110.00, Jan/March 112.00-112.75, April/June 115.50-116.00 buyer/sellers. Maize: US No 3 Yellow/French transhipment East Coast: Oct 131.50 seller. Barley: English feed: Oct 105.50-105.50, Oct/Dec 107.00-107.50 buyer/seller, Jan/March 111.00 seller East Coast.

Mnth	WHEAT Yest'dy's close	+ or —	BARLEY Yest'dy's close	+ or —
Nov.	107.25	+1.15	103.80	+0.80
Jan.	108.70	+0.80	104.30	+0.80
Mar.	111.00	+0.85	106.30	+0.40
May	113.35	+0.75	107.95	+0.55
July	115.45	+0.80	—	—

HGCA — Locational ex-farm spot prices. Feed barley: E. Midlands 102.50, N. East 101.50, Scotland 100.00. The UK monetary coefficient for the week beginning Monday October 5, is expected to remain unchanged.

Wheat and barley again firmed on lack of farmer selling in country markets. Further shipper support was seen in wheat and consumer selling in barley, reports T. G. Roddick.

Business done—Wheat: Nov 107.30-6.50, Jan 108.70-8.10, March 110.95-10.60, May 113.25-3.10, July untraded. Sales: 263 lots of 100 tonnes. Barley: Nov 102.85-2.50, Jan 104.40-4.10, March 106.40-6.20, May 107.80. Sales: 82 lots of 100 tonnes.

POTATOES

The London market ignored the bearish Dutch and Belgian crop estimates, starting 30p down but finding good support at this level. Values quickly recovered to hold above £130.00 for April for the remainder of the session and closed at the day's highs, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	82.00	81.50	81.50
Feb.	92.80	92.00	—
March	85.80	86.00	—
Apr.	130.70	129.80	130.90-129.60
May	143.80	143.50	143.80-141.60

Sales: 822 (1,120) lots of 40 tonnes.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel) Oct.		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.12-17.17*	+0.065
Brent Blend	18.65-18.75	—0.05
W.T.I. (1pm est)	19.60-19.65*	+0.125
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	179-181	+2
Gas Oil	161-162	+2
Heavy fuel Oil	97-98	+1
Naphtha	164-166	+1

* November

Petroleum Argus estimates

SOYABEAN MEAL

The London market reluctantly moved higher on professional buying following a strong Chicago market. Good two-way commercial spreading on the near positions was also a noted feature, reports Muirpace.

	Yesterd'ys close	+ or —	Business done
	£ per tonne		
October	131.0-132.0	+1.10	131.0
Dec.	131.0-132.0	+1.05	131.0
Feb.	132.5-133.?	+1.35	
April	133.0-134.0	+1.50	132.0
June	124.0-127.0	+0.80	126.0
August	124.0-125.0	—0.50	—
October	125.0-126.5	—1.50	—

Sales: 343 (145) lots of 20 tonnes.

US MARKETS

EARLY FUND selling in crude oil depressed the market after a steady opening against European values, reports Drexel Burnham Lambert. Local buying saw prices recover but trade selling at the highs caused the market to retrace again. Precious metals held barely steady in early trading before fund, trade and local selling emerged touching off commission house stops at $460, basis December gold, and 766c basis December silver. Light profit-taking pared losses towards the close. Copper fell in early trading on fund and local selling before recovering slightly on local buying. However, renewed fund selling touched off commission house stops as the market resumed its fall. Concern over the lack of decisive moves towards an international agreement prompted long-liquidation to ease coffee futures. Liquidation in the expiring October contract eased sugar. Publication of a report indicating a worse-than-expected surplus in the 1987-88 cocoa crop of 115,000 tonnes eased cocoa futures. Cotton rallied on good commission house buying in the face of trade scale-up selling. Heavy long-liquidation and profit-taking at the highs saw prices back off sharply. Talks of purchases of maize by the Soviet Union and soyameal by Yugoslavia provided a midl steady tone to the grains in a session dominated by book-squaring ahead of the grain stocks report. Live cattle fell in response to weaker cash prices, while the pork bellies and hogs recovered on short-covering.

NEW YORK

ALUMINIUM 40,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	82.50	83.00	—	—
Nov	82.50	83.00	—	—
Dec	82.50	83.00	83.00	82.25
Jan	79.85	80.10	—	—
March	76.50	76.35	77.00	77.00
May	71.50	71.60	—	—
July	69.00	69.00	—	—
Sept	69.00	69.00	—	—

COCOA 10 tonnes; $/tonnes

	Close	Prev	High	Low
Dec	1823	1864	1835	1810
March	1944	1872	1852	1825
May	1873	1898	1879	1855
July	1901	1922	1905	1890
Sept	1929	1955	1935	1935
Dec	1958	1983	1970	1950

COFFEE "C" 37,500 lbs; cents/lbs

	Close	Prev	High	Low
Dec	112.77	115.80	114.70	112.70
March	116.36	119.13	118.00	116.25
May	118.88	120.84	119.25	118.00
July	119.75	122.25	120.85	119.75
Sept	122.00	123.80	121.70	121.00
Dec	122.78	125.15	123.50	123.50

COPPER 25,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	79.95	81.40	79.90	79.80
Nov	79.85	81.30	—	—
Dec	79.75	81.15	80.95	79.65
Jan	79.35	80.70	—	—
March	78.55	79.80	79.55	78.50
May	77.90	79.20	78.80	77.70
July	76.55	78.10	—	—
Sept	76.85	78.30	77.70	77.70
Dec	76.75	78.10	77.80	77.05

CRUDE OIL (LIGHT) 42,000 US gallons; $/barrels

	Latest	Prev	High	Low
Nov	19.53	19.54	19.70	19.52
Dec	19.43	19.43	19.59	19.41
Jan	19.36	19.33	19.49	19.35
Feb	19.27	19.28	19.42	19.27
March	19.21	19.23	19.34	19.21
April	19.18	19.18	19.28	19.23
May	19.15	19.14	19.22	19.20
June	19.17	19.12	—	—
July	19.05	19.10	19.11	19.05
Aug	19.25	19.09	—	—

GOLD 100 troy oz; $/troy oz

	Close	Prev	High	Low
Oct	452.7	458.0	459.5	452.2
Nov	455.7	461.3	—	—
Dec	458.8	464.4	466.0	458.0
Feb	465.3	470.9	472.7	463.7
April	471.9	477.5	478.9	471.2
June	478.5	484.1	484.3	478.0
Aug	485.4	491.0	—	—
Sept	460.0	460.1	461.0	461.0
Oct	492.8	498.2	493.0	493.0
Dec	499.9	505.5	506.9	500.0
Feb	507.4	513.0	513.0	506.0
June	522.6	528.2	525.0	525.0
Aug	530.3	—	—	—

SPOT PRICES: Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 758.0 (758.5) cents per troy ounce. New York tin 316-317 (same) cents per pound.

COTTON 50,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	73.40	72.15	73.79	72.2
Dec	71.91	71.37	72.70	71.[illegible]
March	73.36	72.50	74.25	73.1
May	74.05	73.40	74.75	73.7[illegible]
July	74.05	73.10	74.45	73.8[illegible]
Oct	67.55	67.10	67.85	67.45
Dec	65.85	65.40	66.42	65.70

HEATING OIL 42,00 US gallons; cents/US gallons

	Latest	Prev	High	Low
Oct	54.10	54.15	54.60	53.80
Nov	54.46	54.56	55.20	54.25
Dec	54.95	54.96	55.55	54.75
Jan	55.35	55.43	55.95	55.25
Feb	55.25	55.55	56.10	55.25
Mar	53.45	53.55	54.00	53.40
April	52.00	52.05	52.00	52.00
May	50.75	50.75	50.75	50.75
June	50.25	50.15	50.25	50.25

ORANGE JUICE 15,000 lbs; cents/lb

	Close	Prev	High	Low
Nov	138.25	132.00	142.00	132.00
Jan	131.40	130.00	132.00	129.80
Mar	132.50	130.20	132.50	130.30
May	132.00	130.80	132.00	130.90
Jul	132.00	131.25	132.00	131.20
Nov	130.85	130.85	—	—
Jan	130.85	130.85	—	—

PLATINUM 50 troy oz; $/troy oz

	Close	Prev	High	Low
Oct	582.8	584.2	586.5	560.5
Dec	570.1	591.2	—	—
Jan	573.6	593.6	596.0	571.0
Apr	582.6	602.4	606.0	580.0
Jul	591.6	611.3	613.2	592.1
Oct	600.9	620.5	616.0	610.0
Jan	610.4	630.1	—	—

SILVER 5,000 troy oz; cents/troy oz

	Close	Prev	High	Low
Oct	750.0	764.5	—	—
Nov	756.0	770.5	—	—
Dec	761.0	775.5	778.0	767.0
Jan	766.0	780.5	—	—
March	778.0	792.5	795.0	776.0
May	789.8	804.3	797.0	795.0
July	801.9	816.4	805.0	795.0
Sept	814.3	828.8	—	—

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	Prev	High	Low
Oct	5.99	6.16	6.11	5.94
Jan	6.40	6.65	6.70	6.50
March	6.96	7.18	7.14	6.95
May	7.20	7.37	7.36	7.19
July	7.35	7.52	7.51	7.33
Oct	7.57	7.75	7.71	7.54
Jan	7.79	7.90	—	—

CHICAGO

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	67.55	68.15	68.20	67.47
Dec	66.60	67.95	68.05	66.55
Feb	65.90	67.15	67.07	65.80
April	67.35	68.22	68.20	67.30
June	67.32	68.17	68.10	67.25
Aug	66.32	66.90	66.80	66.25
Oct	64.50	65.35	65.65	64.50

LIVE HOGS 30,000 lbs; Cents/lbs

	Close	Prev	High	Low
Oct	47.67	47.85	48.00	47.50
Dec	45.27	46.20	45.60	45.15
Feb	43.60	43.57	43.97	43.45
Apr	40.90	40.75	41.27	40.70
Jun	43.30	43.15	43.30	43.10
Jul	43.52	43.95	43.75	43.50
Aug	4.60	42.80	42.75	41.60
Oct	38.55	39.80	39.90	38.50
Dec	40.15	40.70	40.75	40.10

MAIZE 5,000 bu min; cents/56lb-bushel

	Close	Prev	High	Low
Dec	179.6	182.0	182.0	179.4
Mar	188.2	191.0	190.6	188.0
May	193.2	195.6	195.4	193.0
Jul	195.2	198.0	197.6	195.2
Sep	191.6	195.0	194.4	191.6
Dec	191.2	195.2	194.6	191.0
Mar	198.4	202.4	200.2	198.4

PORK BELLIES 38,000 lbs; cents/lbs

	Close	Prev	High	Low
Feb	56.92	56.92	57.50	56.80
March	56.50	56.42	56.85	56.20
May	57.10	56.90	57.40	56.70
July	56.92	56.67	57.35	56.70

SOYABEANS 5,000 bu min; cents/60 lb-bushel

	Close	Prev	High	Low
Nov	532.0	531.0	533.6	529.4
Jan	538.2	537.2	540.0	536.2
March	544.4	544.2	546.6	542.6
May	550.4	549.4	551.6	548.0
July	551.2	551.4	554.0	550.2
Aug	547.4	548.0	549.4	547.0
Sept	534.6	537.4	538.0	534.6
Nov	530.4	533.6	534.4	530.0

SOYABEAN MEAL 100 tons; $/ton

	Close	Prev	High	Low
Oct	174.7	172.4	174.8	172.5
Dec	169.4	167.6	169.8	167.6
Jan	166.2	165.4	167.4	165.5
Mar	164.5	164.2	166.0	164.0
May	163.7	163.2	165.0	163.0
July	162.2	162.2	164.0	162.0
Aug	162.0	161.2	163.0	161.5
Sept	161.3	160.0	162.0	161.0
Oct	159.5	160.0	159.0	160.0
Dec	160.0	160.0	161.0	160.0

SOYABEAN OIL 60,000 lb; cents/lbs

	Close	Prev	High	Low
Oct	16.57	16.76	16.70	16.55
Dec	17.01	17.20	17.15	16.96
Jan	17.19	17.40	17.32	17.14
March	17.53	17.71	17.64	17.48
May	17.75	17.90	17.85	17.70
July	18.00	18.12	18.10	17.90
Aug	18.00	18.17	18.00	18.00
Sept	18.05	18.15	18.05	18.00
Oct	18.12	18.30	18.25	18.10
Dec	18.35	18.40	18.30	18.40

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Prev	High	Low
Dec	289.2	292.0	293.0	288.4
March	297.2	299.4	300.6	296.4
May	290.0	291.0	293.0	290.0
July	275.2	275.6	277.0	274.4
Sept	278.0	279.6	—	—

SUGAR

LONDON DAILY PRICE—Raw sugar $163.00 (£100.20), up $1.00 (up 40p) a tonne for October-November delivery. White sugar $186.00, up $1.00.

	Yestard's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Oct.		139.0-140.0	144.0-149.0
Dec	146.2-146.8	150.0-152.0	149.0-146.8
Mar	155.8-156.0	159.0-159.0	160.2-155.8
May	160.2-160.4	163.6-163.6	164.4-160.2
Aug	164.6-164.4	167.6-168.0	167.0
Oct.	171.0-171.4	171.8-172.0	172.4-169.4
Dec	172.0-175.6	175.2-177.2	—
No. 5 Whites			
Dec	181.5-182.5	186.0-187.6	188.8-182.0
Mar	189.8-189.4	191.5-193.4	194.0-190.0
May	195.6-195.0	194.8-197.4	197.4-195.0
Aug	196.0	202.0	202.8
Oct.	205.8	203.5-206.8	205.5-202.0
Dec	204.0-206.5	205.5-209.0	206.5-205.1
Mar	209.0-211.8	211.0-214.8	—

Sales: No 6 2,784 (4,376) lots of 50 tonnes; no 5 923 (2,048).

Tate and Lyle delivery price for granulated basis sugar was £206.00 (£204.50) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports). Prices for September 29: Daily price 6.19 (6.01); 15-day average 5.93 (5.88).

PARIS—Whites (FFr per tonne): Oct 1123-1125, Dec 1168-1170, March 1194-1194, May 1220-1227, Aug 1243-1253, Oct 1257-1260.

GAS OIL FUTURES

Month	Yesterd'ys close	+ or —	Business done
	US$ per tonne		
Oct.	161.25	+2.50	162.50-60.50
Nov	163.50	+2.50	164.50-63.00
Dec.	165.25	+3.75	166.50-64.75
Jan	166.25	+3.25	167.50-66.25
Feb	166.00	+3.00	166.00

Turnover: 5,616 (3,644) lots of 100 tonnes.

RUBBER

PHYSICALS—Closing prices (buyers) Spot 67.25p (same); Nov 68.25p (same); Dec 68.50p (same). The Kuala Lumpur fob prices (Malay/Singapore cents per kg) was: RSS No 1 268.0 (267.0); SMR 20 250.5 (251.5).

CURRENCIES, MONEY & CAPITAL MARKETS

FOREIGN EXCHANGES

Baker's proposal boosts dollar

THE DOLLAR finished around its highest levels of the day in Europe, boosted by statements from senior US and UK ministers at the International Monetary Fund annual meeting in Washington.

Mr James Baker, US Treasury Secretary, proposed that the value of the major currencies should be linked to a basket of commodities, including gold.

He suggested this would act as an early warning signal of potential price trends, adding it would be unfortunate if efforts to stabilise exchange rates led to inflationary economic policies that reduced the real value of currencies.

Mr Nigel Lawson UK Chancellor of the Exchequer, told the same meeting that the move to a more managed system of floating exchange rates was not a short term phenomenon. Mr Lawson also mentioned central bank target bands for currencies, and suggested these may at some time be made public. The dollar rose to DM1.8435 from DM2.8395; to SFr1.5340 from SFr1.5285; to FFr6.1350 from SFr6.1225; and to Y146.45 from Y146.15.

On Bank of England figures the dollar's index rose to 102.1 from 102.0.

STERLING — Trading range against the dollar in 1987 is 1.6885 to 1.4710. August average 1.5985. Exchange rate index was unchanged at 73.1, compared with 71.6 six months ago.

Sterling was steady, locked in a narrow trading range against the dollar and D-Mark. There was no reaction as far as the pound was concerned to the statement on the UK economy made by Mr Nigel Lawson, the Chancellor, at the IMF/World Bank meeting in Washington.

He said that after a slight spurt this year British economic growth will slow to about 3 per cent in 1988. Mr Lawson added that he saw no significant change in underlying UK inflationary pressure.

Dealers remarked that unless there is a change in economic prospects, the pound appears to have found a floor of $1.6250 against the dollar and a ceiling of DM3.00 in terms of the D-Mark.

Sterling fell 30 points to $1.6250-1.6260, and was unchanged at Y238. The pound rose to DM2.9975 from DM2.9950; to SFr2.4950 from SFr2.49; and to FFr9.9725 from FFr9.97.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. August average 1.8578. Exchange rate index 146.1 against 147.5 six months ago.

The D-Mark weakened against the dollar in subdued Frankfurt trading. The US currency rose to DM1.8405 at the close, from DM1.8365 on Tuesday. Earlier in the day the West German Bundesbank did not intervene when the dollar was fixed at DM1.8383, compared with DM1.8417 previously.

End of month and end of quarter demand for the dollar added support to the US currency, but dealers were generally nervous about its future direction.

Dealers in Paris suggested the Bank of France may have bought D-Marks against the French franc in early trading.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. August average 147.57. Exchange rate index 218.8 against 217.2 six months ago.

The yen was little changed against the dollar in Tokyo.

Selling of the dollar developed at Y146.80, but it closed at Y146.35 in Tokyo, still above Tuesday's close of Y146.05.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Sept 30	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1259	+1.57	+0.84	±1.5344
Danish Krone	7.85212	7.98495	+1.69	+0.96	±1.6404
German D-Mark	2.05853	2.07800	+0.95	+0.22	±1.0981
French Franc	6.90403	6.91686	+0.19	−0.54	±1.3674
Dutch Guilder	2.31943	2.33827	+0.81	+0.08	±1.5012
Irish Punt	0.768411	0.774106	+0.74	+0.01	±1.6684
Italian Lira	1,483.58	1,499.05	+1.04	+0.65	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Sept. 30	Latest	Previous Close
£ Spot	1.6275-1.6285	1.6265-1.6275
1 month	0.32-0.31pm	0.33-0.32pm
3 months	0.96-0.93pm	0.86-0.84pm
12 months	2.65-2.75pm	2.53-2.45pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	Sept. 30	Previous
8.30 am	73.1	73.0
9.00 am	73.1	73.0
10.00 am	73.1	73.0
11.00 am	73.1	73.0
Noon	73.1	73.0
1.00 pm	73.1	73.0
2.00 pm	73.1	73.0
3.00 pm	73.1	73.0
4.00 pm	73.1	73.1

CURRENCY RATES

Sept. 30	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.78520	0.698890
U.S. Dollar	5.5	1.2796	1.12965
Canadian $	8.75	*	1.48188
Austrian Sch.	4	16.5660	14.6267
Belgian Franc	7¼	N/A	43.1259
Danish Krone	7	N/A	7.98495
Deutsche Mark	3	2.3524	2.07800
Neth. Guilder	4½	N/A	2.33827
French Franc	9½	7.8288	6.91686
Italian Lira	12	N/A	1499.05
Japanese Yen	2½	187.28	165.099
Norway Krone	8	N/A	7.58223
Spanish Peseta	—	N/A	137.874
Swedish Krona	7½	N/A	7.27609
Swiss Franc	3.5	N/A	1.72780
Greek Drach.	20½	N/A	158.818
Irish Punt	—	N/A	0.774106

*C$/SDR rate for Sept. 29: 1.67489

CURRENCY MOVEMENTS

Sept. 30	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.1	−20.2
U.S. Dollar	102.1	−5.1
Canadian Dollar	79.2	−9.0
Austrian Schilling	136.8	+10.1
Belgian Franc	99.5	−4.8
Danish Krone	90.6	−0.4
Deutsche Mark	146.1	+21.4
Swiss Franc	171.3	+21.9
Guilder	134.5	+14.3
French Franc	71.4	−12.9
Lira	47.1	−18.3
Yen	218.8	+62.9

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Sept. 30	£	$
Argentina	4.2735-4.2925	2.6250-2.6355
Australia	2.2820-2.2850	1.4020-1.4030
Brazil	83.0700-83.5200	51.0270-51.2820
Finland	7.1795-7.1920	4.4110-4.4130
Greece	226.85-230.80	139.20-141.50
Hong Kong	12.7075-12.7200	7.8080-7.8090
Iran	117.40*	71.70*
Korea(Sth)	1305.15-1316.95	802.50-809.10
Kuwait	0.45960-0.46010	0.28235-0.28245
Luxembourg	62.05-62.15	38.15-38.25
Malaysia	4.1220-4.1330	2.5340-2.5355
Mexico	2558.90-2576.30	1572.00-1582.00
N. Zealand	2.4980-2.5030	1.5350-1.5375
Saudi Ar.	6.1050-6.1105	3.7500-3.7510
Singapore	3.4035-3.4105	2.0915-2.0925
S. Af. (Cm)	3.3700-3.3860	2.0740-2.0780
S. Af. (Fn)	5.3375-5.5190	3.2785-3.3900
Taiwan	48.90-49.15	30.05-30.15
U.A.E.	5.9790-5.9840	3.6725-3.6735

*Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Sept 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6245-1.6325	1.6250-1.6260	0.33-0.30 c pm	2.33	0.84-0.79 pm	2.01
Canada	2.1260-2.1400	2.1260-2.1270	0.16-0.06 c pm	0.62	0.31-0.19 pm	0.47
Netherlands	3.36½-3.37½	3.36½-3.37½	1½-1¼ c pm	4.90	4⅛-3⅞ pm	4.75
Belgium	62.02-62.24	62.05-62.15	22-19 c pm	3.96	60-54 pm	3.67
Denmark	11.49-11.52	11.49½-11.50½	⅝pm-¼ ore dis	0.26	⅝ pm-⅛ dis	0.09
Ireland	1.1140-1.1200	1.1155-1.1165	0.16-0.10p pm	1.40	0.50-0.25 pm	1.34
W. Germany	2.99¼-3.00¼	2.99¾-3.00¼	1⅝-1⅜ pf pm	6.01	4½-4⅛ pm	5.75
Portugal	234.87-236.33	234.90-235.80	18-69 c dis	−2.22	139-244 dis	−3.25
Spain	198.88-199.65	198.90-199.20	24-42 c dis	−1.99	150-186 dis	−3.37
Italy	2156¼-2164½	2158¼-2159¼	Par-3 lire dis	−0.83	6-13 dis	−1.76
Norway	10.91-10.94½	10.92¼-10.93¼	3-3⅝ ore dis	−3.64	9-9⅝ dis	−3.41
France	9.95¾-9.97¾	9.96¼-9.97¼	2⅛-1¼ c pm	2.33	5¼-4⅞ pm	1.93
Sweden	10.46¼-10.50	10.47½-10.48½	1¼-⅜ ore pm	1.15	2⅛-1½ pm	0.69
Japan	237½-238½	237½-238½	1¼-1⅛ y pm	5.99	3⅛-3⅝ pm	5.67
Austria	21.04-21.11	21.04-21.07	10½-9⅝ gro pm	5.73	29⅝-27¼ pm	5.40
Switzerland	2.48½-2.50	2.49-2.50	1⅜-1¼ c pm	6.31	3⅞-3⅝ pm	6.01

Belgian rate is for convertible francs. Financial franc 62.35-62.45. Six-month forward dollar 1.53-1.48 c pm. 12-month 2.40-2.30 c pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Sept. 30	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6245-1.6325	1.6250-1.6260	0.33-0.30c pm	2.33	0.84-0.79pm	2.01
Ireland†	1.4560-1.4610	1.4565-1.4575	0.10-0.05c pm	0.62	0.30-0.20pm	0.68
Canada	1.3080-1.3125	1.3080-1.3090	0.18-0.21c dis	−1.78	0.54-0.57 dis	−1.69
Netherlands	2.0635-2.0735	2.0725-2.0735	0.47-0.44c pm	2.64	1.45-1.40pm	2.76
Belgium	38.10-38.25	38.15-38.25	5¼-4¾c pm	1.49	17-15pm	1.68
Denmark	7.04¾-7.07¾	7.07¼-7.07¾	0.50-1.20ore dis	−1.44	1.80-2.50 dis	−1.22
W. Germany	1.8325-1.8440	1.8430-1.8440	0.60-0.57pf pm	3.82	1.77-1.72pm	3.80
Portugal	144¼-145¼	144¾-145	35-65c dis	−4.15	155-215 dis	−5.12
Spain	121.77-122.37	122.25-122.35	Par-20c dis	−0.98	120-150 dis	−4.42
Italy	1324½-1328½	1327¼-1328¼	3-4lire dis	−3.17	11-14dis	−3.77
Norway	6.69¾-6.72½	6.72-6.72½	3.40-3.75ore dis	−6.39	9.55-9.95dis	−5.81
France	6.10½-6.14	6.13¼-6.13¾	Par-0.10c dis	−0.10	0.15-0.15pm	—
Sweden	6.42¾-6.45	6.44½-6.45	0.55-0.85ore dis	−1.30	2.20-2.60 dis	−1.49
Japan	145.65-146.50	146.40-146.50	0.47-0.44y pm	3.74	1.33-1.28 pm	3.57
Austria	12.91¼-12.94¾	12.94¾-12.94¾	3.90-3.50gro pm	3.43	11.50-10.50pm	3.40
Switzerland	1.5220-1.5345	1.5335-1.5345	0.54-0.50c pm	4.09	1.54-1.49pm	3.97

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.35-38.45

EURO-CURRENCY INTEREST RATES

Sept. 30	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10¼-10⅛	10¼-10	10⅝-10½	10⅞-10¾	10½-10⅜	10⅞-10¾
U.S. Dollar	8¼-8	7½-7⅜	7⅞-7¾	8⅞-8¾	8½-8⅜	9-8⅞
Can. Dollar	9-8¾	9-8¾	9⅛-8⅞	9⅞-9¾	10⅛-9⅞	10⅝-10⅛
D. Guilder	5-4⅞	5⅛-5	5⅛-5⅛	5⅛-5⅛	5⅝-5½	5⅝-5⅝
Sw. Franc	2¼-2	2-1¾	3⅞-3⅞	4⅛-4⅛	4⅜-4¼	4⅝-4¼
Deutschmark	3⅞-3¾	3⅞-3¾	4⅛-4	4⅞-4⅞	4¾-4⅝	4⅞-4⅞
Fr. Franc	7⅝-7½	7⅞-7⅞	7⅞-7⅞	8⅝-8⅞	8⅞-8⅞	9⅜-9⅛
Italian Lira	12½-10½	11-10	11¼-10¼	12⅛-11⅝	12⅝-12⅛	12⅝-12⅛
B. Fr. (Fin.)	6¼-6⅛	6½-6⅜	6½-6⅜	6⅝-6½	7⅛-6⅞	7⅛-7⅛
B. Fr. (Con.)	6½-6	6⅝-6¼	6⅝-6¼	6⅞-6½	7⅛-6⅞	7⅛-7
Yen	4½-4⅜	4¼-4⅛	4⅜-4¼	5-4⅞	5⅛-5⅛	5¼-5⅛
D. Krone	9½-9⅛	9⅞-9½	10-9⅝	10⅛-9¾	10⅛-10	10¼-10⅛
Asian $Sing	8⅛-7⅞	7½-7⅜	7⅞-7⅞	8⅞-8⅞	8⅞-8⅞	8⅞-8¾

Long-term Eurodollars: Two years 9⅝-9⅜ per cent; three years 9⅞-9⅝ per cent; four years 10⅛-9⅞ per cent; five years 10¼-10 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Sept. 30	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.626	2.998	238.0	9.973	2.495	3.370	2159.	2.127	62.10
$	0.615	1.	1.844	146.5	6.135	1.534	2.073	1328.	1.308	38.20
DM	0.334	0.542	1.	79.40	3.327	0.832	1.124	720.2	0.709	20.72
YEN	4.202	6.830	12.59	1000.	41.90	10.48	14.16	9070.	8.935	260.9
F Fr.	1.003	1.630	3.006	238.7	10.	2.502	3.379	2165.	2.132	62.27
S Fr.	0.401	0.652	1.201	95.39	3.997	1.	1.351	865.2	0.852	24.89
H Fl.	0.297	0.482	0.889	70.62	2.959	0.740	1.	640.6	0.631	18.43
Lira	0.463	0.753	1.389	110.2	4.620	1.156	1.561	1000.	0.985	28.77
C $	0.470	0.764	1.410	111.9	4.690	1.173	1.585	1015.	1.	29.20
B Fr.	1.610	2.618	4.827	383.3	16.06	4.018	5.427	3476.	3.424	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilt prices recover

PRICES OPENED on a bearish note in the London International Financial Futures Exchange yesterday. Values were marked down on the back of a weaker US bonds market but this prompted some degree of short covering and despite a lack of retail interest, prices moved up to finish close to the day's highs.

While the bearish mood prevailing in US bonds tended to have a depressing effect, sterling's steady performance and a reasonably bright economic outlook restored a little confidence.

The December contract opened at 113-16 down sharply from 113-31 on Tuesday and touched a low of 113-13 before recovering steadily to finish at 114-21.

Three-month sterling deposits acted in much the same way, opening at 89.53 for spot delivery down from 89.58 and easing to a low of 89.48 before coming back to close at 89.63.

US Treasury bonds continued to lose ground. The December price opened at the day's low of 81-04 and moved up to 81-12 but this was still well below Tuesday's closing price of 81-30. Most of the weakness was due to proximity of the latest US Treasury refunding programme which will bring over $71bn of paper to the market in the next two weeks.

In addition there was serious concern about the recent rise in long term rates, particularly in Japan and West Germany

Just such concern sent Japanese Government bonds limit down at 96.49, a full point below the Tokyo settlement price. Values recovered later in the day however with the December contract finishing at 97.26 up from 96.17 on Tuesday.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
104	10.46	11.06	0.04	0.22
106	8.47	9.21	0.05	0.37
108	6.54	7.44	0.12	0.60
110	5.07	6.13	0.29	1.29
112	3.35	4.39	0.57	1.55
114	2.12	3.29	1.34	2.45
116	1.17	2.33	2.39	3.49
118	0.41	1.49	3.63	5.01

Estimated volume total, Calls 2,073 Puts 1,363
Previous day's open int: Calls 27,161 Puts 18,376

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
76	5.46	5.22	0.22	0.54
78	4.07	3.60	0.47	1.28
80	2.43	2.50	1.19	2.18
82	1.32	1.56	2.08	3.24
84	0.47	1.13	3.23	4.45
86	0.23	0.47	4.63	6.15
88	0.09	0.28	6.49	7.60
90	0.05	0.15	8.45	9.47

Estimated volume total, Calls 161 Puts 46
Previous day's open int: Calls 1,412 Puts 836

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Oct.	Calls—Last Nov.	Puts—Last Oct.	Puts—Last Nov.
22750	15.25	16.43	0.45	1.63
23000	13.03	14.47	0.73	2.17
23250	10.94	12.63	1.14	2.83
23500	9.01	10.92	1.71	3.62
23750	7.27	9.35	2.47	4.55
24000	5.73	7.92	3.43	5.62
24250	4.41	6.65	4.61	6.85
24500	3.31	5.51	6.01	8.21

Estimated volume total, Calls 5 Puts 0
Previous day's open int: Calls 63 Puts 60

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls—Last Oct.	Nov.	Dec.	Mar.	Puts—Last Oct.	Nov.	Dec.	Mar.
1.45	17.82	17.82	17.82	17.82	0.00	0.00	0.00	0.14
1.50	12.82	12.82	12.82	12.82	0.00	0.00	0.04	0.51
1.55	7.82	7.82	7.82	7.85	0.00	0.09	0.34	1.43
1.60	2.84	3.22	3.58	4.62	0.19	0.86	1.50	3.20
1.65	0.25	0.80	1.25	2.40	2.60	3.44	4.17	5.98
1.70	0.00	0.10	0.30	1.09	7.35	7.74	8.22	9.67
1.75	0.00	0.01	0.05	0.43	12.35	12.65	12.97	14.01

Estimated volume total, Calls 0, Puts 0
Previous day's open int. Calls 160 Puts 1,209

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls—Last Oct.	Nov.	Dec.	Mar.	Puts—Last Oct.	Nov.	Dec.	Mar.
1.45	—	—	12.90	—	—	—	2.70	—
1.50	13.20	13.20	13.20	13.25	0.30	0.30	0.30	0.80
1.55	8.20	8.20	8.20	8.40	0.30	0.35	0.55	1.45
1.60	3.15	3.55	3.95	4.85	0.45	0.95	1.55	3.05
1.65	0.60	1.00	1.55	2.55	2.55	3.40	4.05	5.60
1.70	0.30	0.40	0.60	1.25	7.20	7.60	7.95	9.20
1.75	—	—	1.20	1.80	—	—	16.50	17.50

Previous day's open int: Calls 982 Puts 129
Volume: 0

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Oct.	Nov.	Dec.	Mar.	Puts Oct.	Nov.	Dec.	Mar.
1.575	5.10	5.10	5.30	5.85	—	0.25	0.55	1.90
1.600	2.70	3.05	3.40	4.25	0.15	0.65	1.25	2.60
1.625	0.95	1.55	2.10	2.95	0.75	1.65	2.25	3.70
1.650	0.20	0.65	1.15	2.05	2.40	3.15	3.80	5.25
1.675	0.05	0.20	0.60	1.40	4.65	5.15	5.65	7.00
1.700	—	0.10	0.30	0.90	—	7.45	7.80	—
1.725	—	—	0.10	—	7.10	9.75	10.00	10.85

Previous day's open int: Calls 109,942 Puts 111,795
Previous day's volume: Calls 229 Puts 821

LIFFE-EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls—Last Dec.	Mar.	Jun.	Sept.	Puts—Last Dec.	Mar.	Jun.	Sept.
90.50	0.95	0.81	0.82	0.90	0.06	0.30	0.58	0.87
90.75	0.75	0.65	0.68	0.77	0.11	0.39	0.69	0.99
91.00	0.56	0.51	0.54	0.65	0.17	0.50	0.80	1.12
91.25	0.40	0.39	0.42	0.54	0.26	0.63	0.93	1.26
91.50	0.26	0.28	0.33	0.44	0.37	0.77	1.09	1.41
91.75	0.15	0.20	0.25	—	0.51	0.94	1.26	—
92.00	0.08	0.14	0.18	—	0.69	1.13	1.44	—

Previous day's open int: Calls 1151, Puts 1467
Estimated Vol: Calls 36, Puts 151.

LONDON

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Dec.	114.21	114.23	113.13	113.31
March	114.24	114.05	113.29	114.02
June	—	—	—	—

Estimated volume 29,352 (27,829)
Previous day's open int. 26,253 (24,902)

6% NOTIONAL LONG TERM JAPANESE GOVT BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Dec.	97.26	97.45	96.49	96.17
March	96.64	96.64	96.50	95.80

Estimated Volume 636 (552)
Previous day's open int. 951 (852)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Dec.	89.63	89.64	89.48	89.58
March	89.71	89.70	89.59	89.69
June	89.73	89.68	89.58	89.70
Sept.	89.61	—	—	89.58
Dec.	89.50	—	—	89.47

Estimated Volume 6,846 (5,076)
Previous day's open int. 16,113 (15,201)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Sept.	236.35	237.00	236.00	237.10
Dec.	242.30	243.20	241.80	243.10
Mar.	246.80	—	—	247.60

Estimated volume 2,104 (3,798)
Previous day's open int. 7,567 (7,846)

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Dec.	91.39	91.40	91.32	91.47
March	91.01	91.03	90.94	91.07
June	90.74	90.75	90.68	90.80
Sept.	90.53	90.53	90.50	90.59
Dec.	90.36	90.36	90.31	90.43
Mar.	90.22	—	—	90.29
June	90.09	—	—	90.16

Estimated volume 7,815 (9,080)
Previous day's open int. 29,130 (29,209)

U.S. TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Dec.	81-12	81-23	81-04	81-30
Mar.	80-16	—	—	81-02
June	—	—	—	—

Estimated Volume 7,656 (8,216)
Previous day's open int. 6,479 (5,817)

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Dec.	81.12	81.23	81.07	81.22
Mar.	80.17	80.28	80.11	80.26
June	79.24	79.30	79.21	80.00
Sept.	79.00	79.07	78.29	79.08
Dec.	78.14	78.22	78.08	78.19
Mar.	77.27	77.31	77.20	77.31
June	—	—	—	77.13
Sept.	—	—	—	76.29
Dec.	76.16	76.22	76.14	76.14
Mar.	—	—	—	76.00
June	75.14	75.14	75.10	75.19

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec.	92.70	92.73	92.61	92.70
Mar.	92.38	92.38	92.24	92.34
Jun.	—	92.11	92.03	92.07
Sept.	—	91.93	91.89	91.88
Dec.	—	91.76	91.73	91.74
Mar.	91.62	91.62	91.62	91.62

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec.	0.6599	0.6607	0.6592	0.6597
Mar.	0.6661	0.6666	0.6654	0.6659
Jun.	0.6725	0.6728	0.6725	0.6727

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Dec.	0.6890	0.6899	0.6885	0.6874
Mar.	0.6946	0.6958	0.6946	0.6933
June	0.7015	0.7015	0.7008	0.6999
Sep.	—	0.7075	—	0.7065
Dec.	0.7155	0.7155	0.7155	0.7135

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Dec.	0.5480	0.5485	0.5475	0.5477
Mar.	0.5529	0.5532	0.5528	0.5525
June	—	—	—	0.5578
Sep.	0.5609	0.5609	0.5609	0.5633
Dec.	—	—	—	0.5673

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Dec.	91.37	91.40	91.33	91.42
Mar.	91.00	91.04	90.91	91.01
June	90.73	90.76	90.65	90.73
Sept.	90.53	90.54	90.44	90.52
Dec.	90.37	90.39	90.31	90.36
Mar.	90.22	90.24	90.15	90.21
June	90.10	90.13	90.06	90.08
Sept.	90.00	90.01	89.94	89.96

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Dec.	323.15	325.20	322.80	324.70
Mar.	—	328.45	326.40	328.10
June	330.00	331.70	330.00	331.30
Sep.	333.00	334.70	333.00	333.80

CURRENCY FUTURES

POUND—$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.6255	1.6224	1.6175	1.6105	1.6020

IMM—STERLING $s per £

	Latest	High	Low	Prev
Dec.	1.6210	1.6220	1.6190	1.6210
Mar.	1.6150	1.6165	1.6125	1.6135
June	1.6060	1.6100	1.6060	1.6055

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec.	1.6208	1.6213	1.6213	1.6208
Mar.	1.6142	—	—	1.6134

Estimated volume 2 (120)
Previous day's open int 367 (255)

MONEY MARKETS

UK rates higher

INTEREST RATES were firmer in London yesterday. Longer term rates reflected concern about the rise in rates in the US and Japan while short dates moved firmer as the money market faced a much larger than expected shortage. Most people in the market had been looking for a shortage of between £50m and £200m and recent intervention by the Bank of England to support sterling added to hopes of only a modest shortage. However, the opening forecast of an £850m shortage caught many traders off balance.

Overnight interbank money opened at 10½ to 10¾ per cent and remained at 10½ per cent before dipping to a low of 9 per cent. However, late balances were taken back up to 10½ per cent. Three-month interbank money rose to 10⅝ to 10½ per cent, up from 10¼ to 10⅛ per cent.

UK clearing bank base lending rate 10 per cent since August 7

The Bank of England forecast a shortage of around £850m with factors affecting the market including the repayment of late assistance and bills maturing in official hands together with a take-up of Treasury bills draining £815m and Exchequer transactions a further £35m. There was also a rise in the note circulation of £85m. These were partly offset by banks' balances brought forward £70m above target.

To help alleviate the shortage, the Bank offered an early round of assistance which resulted in outright purchases of £117m of bills, comprising £3m of Treasury bills in band 1 and £114m of eligible bank bills in band 2, all at 9¾ per cent.

The forecast was revised to a shortage of around £950m before taking into account the early help and the Bank gave additional assistance in the morning of £142m through outright purchase of £26m of eligible bank bills in band 1, £75m in band 2 and £41m in band 3, all at 9¾ per cent.

A further revision took the forecast down to a shortage of around £750m before taking into account earlier assistance and the Bank gave help in the afternoon of £430m through outright purchase of £168m of eligible bank bills in band 1 and £53m in band 2. In band 3 it bought £54m of eligible bank bills and £105m of Treasury bills and in band 4 £50m of eligible bank bills, all of 9¾ per cent. Late help came to £90m, making a total of £779m.

In Amsterdam the Dutch central bank allocated Fl 4.6bn of special advances at an unchanged rate of 5.1 per cent. The seven day facility replaces a maturing agreement worth Fl 4bn and the amount allocated was much in line with market expectations.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sept.30) 3 months U.S. dollars		6 months U.S. dollars	
bid 8¼	offer 8⅜	bid 8⅜	offer 8½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8¾
Broker loan rate	8¼-9
Fed. funds	7½-8
Fed funds at intervention	8

Treasury Bills and Bonds

One month	6.32	Three year	8.90
Two month	6.48	Four year	9.08
Three month	6.79	Five year	9.24
Six month	7.14	Seven year	9.50
One year	7.79	10 year	9.65
Two year	8.60	30 year	9.82

September 30	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	4.00-4.50	3.80-3.95	3.80-3.95	3.85-4.00	4.30-4.45	5.0
Paris	7⅝-7¾	7⅝-7¾	7⅞-7⅞	7⅞-8⅛	8⅛-8⅛	7½
Zurich	7⅛-1⅛	3⅞-3⅝	—	4-4⅛	—	—
Amsterdam	2½-3½	5⅛-5¼	—	5⅜-5½	—	—
Tokyo	3.71875	3.84375	—	3.90625	—	—
Milan	11⅝-12¼	12-12½	—	12⅛-12⅞	—	—
Brussels	5.95	6⅞-6½	—	6½-6⅝	—	—
Dublin	9-9¾	8¾-9	8¾-9	8⅞-9⅛	9½-9⅝	—

LONDON MONEY RATES

Sept. 30	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	10½-9	10⅛-10⅛	10⅛-10	10⅝-10½	10½-10⅜	10⅞-10½
Sterling CDs	—	—	10⅛-9⅞	10⅛-10	10⅛-10¼	10⅞-10⅝
Local Authority Deps.	10⅛	10⅛	10	10⅛	10⅜	10½
Local Authority Bonds	—	—	10	10⅜	10½	10⅝
Discount Mkt Deps.	10-9½	9⅞	9¾	9¾	—	—
Company Deposits	—	—	10⅛	10⅜	10½	10⅝
Finance House Deposits	—	—	10⅛	10⅝	10⅝	10⅝
Treasury Bills (Buy)	—	—	9¾	9¾	—	—
Bank Bills (Buy)	—	—	9¾	9¾	9⅞	—
Fine Trade Bills (Buy)	—	—	10½	10½	10⅛	—
Dollar CDs	—	—	7.70-7.65	8.25-8.20	8.40-8.35	8.85-8.80
SDR Linked Deposits	—	—	6½-6¼	6⅞-6⅞	7-6¾	7⅛-7⅛
ECU Linked Deposits	—	—	7-6¾	7⅛-7	7⅛-7⅛	7¾-7⅝

Treasury Bills (sell); one-month 9¾ per cent; three-months 9¾ per cent; Bank Bills (sell): one-month 9⅞ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.7727 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30, 1987. Agreed rates for period October 26 to November 24 1987, Scheme I: 11.24 p.c., Schemes II & III: 11.31 p.c. Reference rate for period August 29 to September 30, 1987, Scheme IV: 10.219p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from October 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¼ per cent; three-six months 10 per cent; six-nine months 10¼ per cent; nine-12 months 10¼ per cent; Under £100,000 8 per cent from September 15, Deposits withdrawn for cash 5 per cent.

Legal Notice

R.K.U. LIMITED
REGISTERED NO. 1181434

NOTICE IS HEREBY GIVEN that I, SURJIT KUMAR SINGLA, FCA of Singla & Co, Chartered Accountants, of 35, New Broad Street, London, EC2M 1NH was appointed Administrative Receiver on 1st September 1987, of all assets by Meghraj & Sons Ltd., under the powers contained in a floating charge dated the 22nd June 1982.

S. K. SINGLA,
Administrative Receiver

Personal

PUBLIC SPEAKING training and speech writing by award winning public speaker. First lesson free. 01-839 6552.

Clubs

EVE has outlived the others because of a policy of fair play and value for money. Supper from 10-3.30 am. Disco and top musicians, glamorous hostesses, exciting floorshows. 189 Regent St, London W1. 01-734 0557.

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY SEPTEMBER 30 1987					TUESDAY SEPTEMBER 29 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (91)	169.61	−1.9	154.70	158.22	2.47	172.91	157.42	159.86	180.81	99.92	82.07
Austria (16)	100.20	−0.1	91.39	95.78	2.16	100.28	91.29	95.76	102.87	85.53	93.41
Belgium (48)	125.89	−0.5	114.82	119.22	3.98	126.49	115.15	119.63	134.89	96.19	88.00
Canada (129)	136.30	−0.1	124.31	129.14	2.32	136.47	124.24	129.45	141.78	100.00	97.01
Denmark (39)	115.54	−0.3	105.38	111.18	2.56	115.84	105.46	111.27	124.83	98.18	95.88
France (121)	107.60	−1.9	98.14	103.55	2.73	109.68	99.85	105.34	121.82	98.39	94.04
West Germany (92)	99.66	−0.7	90.90	95.52	1.99	100.40	91.41	96.02	104.93	84.00	93.69
Hong Kong (45)	157.67	+1.8	143.81	158.06	2.45	154.81	140.94	155.18	157.67	96.89	82.68
Ireland (14)	149.97	+2.0	136.78	145.03	3.10	147.00	133.83	141.97	149.97	99.50	83.42
Italy (76)	91.34	+0.2	83.31	90.59	2.02	91.14	82.97	90.32	112.11	84.22	97.81
Japan (458)	145.72	−0.5	132.91	134.90	0.51	146.46	133.33	135.30	161.28	100.00	98.76
Malaysia (36)	174.52	−1.1	159.18	170.37	2.16	176.48	160.66	171.89	193.64	98.24	88.02
Mexico (14)	371.28	+0.3	338.63	640.16	0.47	370.13	336.96	635.96	422.59	99.72	74.81
Netherland (37)	123.86	−0.4	112.97	117.19	3.84	124.41	113.26	117.51	131.41	99.65	96.48
New Zealand (24)	135.10	+0.0	123.22	110.21	2.70	135.08	122.97	110.44	138.99	83.93	73.63
Norway (24)	174.86	−0.7	159.49	159.55	1.72	176.08	160.30	160.37	185.01	100.00	103.63
Singapore (27)	163.91	−1.4	149.50	158.02	1.55	166.17	151.28	160.35	174.28	99.29	88.97
South Africa (61)	183.32	+0.1	167.20	133.59	3.14	183.17	166.76	133.49	198.09	100.00	102.79
Spain (43)	159.21	+0.3	145.21	147.51	2.68	158.81	144.58	146.96	165.92	100.00	98.20
Sweden (33)	129.86	+0.6	118.45	123.95	1.88	129.11	117.54	123.09	132.10	90.85	95.88
Switzerland (53)	107.66	−0.7	98.19	102.38	1.63	108.37	98.66	102.69	110.00	92.01	91.63
United Kingdom (332)	157.81	−0.2	143.94	143.94	3.15	158.08	143.91	143.91	162.87	99.65	91.48
USA (586)	131.41	+0.1	119.86	131.41	2.79	131.31	119.54	131.31	137.42	100.00	97.20
Europe (928)	127.43	−0.4	116.23	119.46	2.79	127.94	116.47	119.71	128.88	99.78	93.39
Pacific Basin (681)	146.91	−0.5	133.99	136.25	0.67	147.65	134.42	136.63	158.77	100.00	97.52
Euro-Pacific (1609)	139.18	−0.5	126.94	129.55	1.44	139.83	127.30	129.88	143.65	100.00	95.89
North America (715)	131.67	+0.1	120.09	131.31	2.77	131.58	119.79	131.23	137.56	100.00	97.19
Europe Ex. UK (596)	108.55	−0.6	99.01	104.14	2.46	109.20	99.42	104.58	111.97	98.02	94.57
Pacific Ex. Japan (223)	161.66	−0.5	147.45	153.14	2.43	162.51	147.95	153.24	164.03	99.92	81.99
World Ex. US (1813)	139.70	−0.4	127.42	129.88	1.49	140.32	127.75	130.20	143.38	100.00	95.97
World Ex. UK (2067)	134.36	−0.3	122.55	129.31	1.84	134.71	122.64	129.49	138.82	100.00	96.91
World Ex. So. Af. (2338)	136.14	−0.3	124.17	130.61	1.97	136.49	124.26	130.78	139.47	100.00	96.39
World Ex. Japan (1941)	132.03	−0.1	120.42	128.54	2.76	132.18	120.34	128.58	134.03	100.00	95.31
The World Index (2399)	136.44	−0.3	124.45	130.67	1.98	136.79	124.53	130.83	139.73	100.00	96.43

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol.	Last	Vol.	Last	Stock
		Nov 87		Feb 88		May 88		
GOLD C	$480	20	6	25	15.10	—	—	$459.70
GOLD C	$500	142	2.90	15	11	46	19.50	"
GOLD C	$520	40	1.20	—	—	—	—	"
GOLD P	$440	—	—	20	5.50	—	—	"
		Dec. 87		March 88		June 88		
SILVER C	$650	—	—	2	150	—	—	$762
		Oct. 87		Nov. 87		Dec. 87		
$/FL C	Fl.195	—	—	—	—	10	11.50	Fl.207
$/FL C	Fl.200	34	6.60	—	—	10	7	"
$/FL C	Fl.205	121	2	—	—	25	3.60B	"
$/FL C	Fl.210	53	0.30	21	1	—	—	"
$/FL P	Fl.200	—	—	1	0.80	1002	1.70	"
$/FL P	Fl.205	11	1.20	24	2.40	26	3.50	"
$/FL P	Fl.210	1	4	14	5.80	1	6.30	"
		Mar. 88		June 88		Sep. 88		
$/FL C	Fl.190	10	16.60	—	—	—	—	Fl.207
$/FL C	Fl.205	5	4.90	8	5.60	—	—	"
$/FL C	Fl.210	5	2.90	—	—	—	—	"
$/FL C	Fl.215	2	2.10	—	—	5	3.80	"
$/FL P	Fl.200	1	3.90	1	5.80	20	7	"
$/FL P	Fl.205	1	6.10B	1	8.30	—	—	"

		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.50	559	0.20	131	1.70	3	2.80	Fl.48.80
ABN P	Fl.48	169	1.90	712	3	239	3.40	"
AEGON C	Fl.85	53	3.50	—	—	—	—	Fl.87.50
AEGON P	Fl.90	33	3.80	6	6	5	7	"
AHOLD C	Fl.105	—	—	84	5.20	—	—	Fl.103.80
AHOLD P	Fl.105	4	3	82	6.50	—	—	"
AHOLD P	Fl.100	10	0.90	—	—	—	—	"
AKZO C	Fl.180	1186	1.70	175	9.10	91	13.70	Fl.175.90
AMEV C	Fl.65	30	0.30	16	2	19	4.20	Fl.60.16
AMEV P	Fl.65	57	5.80	69	6	—	—	"
AMRO C	Fl.85	410	0.90	97	3.90B	7	6.20	Fl.82.90
AMRO P	Fl.85	31	2.90A	691	5	—	—	"
ELSEVIER C	Fl.65	154	0.40	183	3.30	16	5	Fl.59.30
ELSEVIER P	Fl.55	—	—	472	2.50	318	4.20	"
GIST-BROC. C	Fl.50	167	0.40	187	3	—	—	Fl.48.80
GIST-BROC. P	Fl.50	147	1.80	51	3.80	—	—	"
HEINEKEN C	Fl.190	57	0.50	19	4.20	—	—	Fl.174.30
HEINEKEN P	Fl.190	33	6.80	30	9.80	—	—	"
HOOGOVENS C	Fl.50	11	0.50	132	3.10	12	4.80	Fl.47.50
HOOGOVENS P	Fl.45	70	0.50	41	2.10	14	3.20	"
KLM C	Fl.50	397	4.50	167	6.90	—	—	Fl.54.40
KLM P	Fl.55	260	1.30	102	3.70	—	—	"
NEDLLOYD C	Fl.190	126	4	14	15.80	10	21	Fl.189.90
NEDLLOYD P	Fl.190	98	4.60	—	—	—	—	"
NAT NED. C	Fl.75	121	0.60	69	4	—	—	Fl.73.30
NAT NED P	Fl.70	40	0.70	61	2	27	3.20	"
PHILIPS C	Fl.55	308	0.30	350	2.10	236	3.20	Fl.51.60
PHILIPS P	Fl.55	264	4	416	5.10	334	6.20	"
ROYAL DUTCH C	Fl.270	1376	0.20	99	4.90	20	8.20	Fl.267.50
ROYAL DUTCH P	Fl.260	781	1.40	115	7	19	9.50	"
ROBECO C	Fl.120	—	—	10	1.50	—	—	Fl.111.80
ROBECO P	Fl.110	—	—	—	—	2	4.50	"
UNILEVER C	Fl.140	119	2	32	8.90	5	13	Fl.139.30
UNILEVER P	Fl.125	100	0.50A	60	2	—	—	"

TOTAL VOLUME IN CONTRACTS: 36,119

A = Ask B = Bid C = Call P = Put

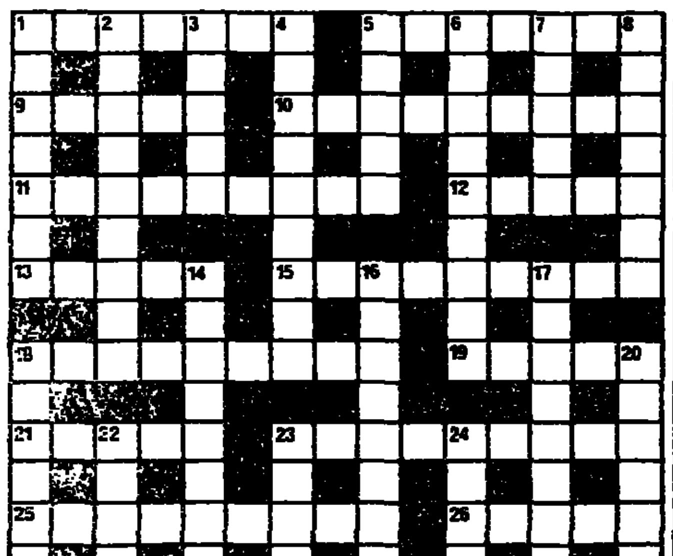
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williams Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambros Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Savewise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 11.125%.

FT CROSSWORD No. 6,444

VIXEN



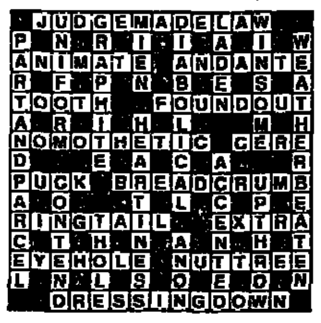
ACROSS

1 Student having short holiday absorbed in breaking up cars (7)
5 Relatively superior people in hospital (7)
9 Cook is for rubbish being put outside (5)
10 Make a brother redundant and he'll cause trouble! (9)
11 Underworld procedure, so to speak (9)
12 All the child, a trainee, can make (5)
13 Plump for strong drink (5)
15 A leading seaman? (9)
18 Flighty creature preparing food for a picnic (9)
19 Understanding nurse in need of direction (5)
21 Regular West End affair (5)
23 Tense, being poor (9)
25 American soldier holding captive a coarse Italian patriot (9)
26 The girl's a bit mean, it appears (5)
27 A mass of rock split the stream (7)
28 Duplicity on rates reform (7)

DOWN

1 A holy man goes on horseback or walks (7)
2 The principal's sound memorial (9)
3 Many take to bingo (5)
4 Respecting free and unconstrained polls (9)
5 Stuff offered by some advertiser (German) (5)
6 Those who are well-informed hold boat-wreck is causing disruption (9)
7 Right to insist upon (5)
8 His work has to do with backing horses (7)
14 It registers the main rises and falls (4-5)
16 Watch the head angle (9)
17 Letters are sent in showing where skin's to be treated (9)
18 Clash about servicemen's transportation (7)
20 Possibly ten come down and get on board (7)
22 "In pride, in reas'ning pride, our .... lies." Pope (Essay on Man) (5)
23 One's allowed a small piece of land (5)
24 Study eye-opening writer (5)

Solution to Puzzle No. 6,443



FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross
Abbey Unit Tst. Mngrs. (a)				
80 Holdenhurst Rd, Bournemouth 0345 717373				
High Income				
American Income	54.7	58.1	-0.2	4.51
Gilts & Fixed Int.	108.8	115.1xd	-0.4	10.43
High Inc. Equity	148.8	158.2xd	-1.1	3.38
Worldwide Bond	180.9	192.4xd	-1.0	5.04
Capital Growth				
American Growth	180.7	192.2	-1.3	0.70
Asian Pacific	104.7	111.3	+1.0	1.25
Assets & Earnings Tst.	196.1	208.6	-0.7	4.56
Capital Reserve	73.2	73.6	—	1.37
Commodity & Energy	198.0	210.6xd	-1.3	0.0
European Capital	95.9	102.0	—	0.74
General	195.2	207.6	-0.5	2.17
Japan	93.6	99.5	—	0.0
Mastertrust	91.7	97.5	—	1.70
UK Growth Acc Units	282.0	299.9	+0.4	0.70
UK Growth Dist	192.4	204.6	-0.7	1.05
U.S. Emerging Co's	58.8	62.5	-0.7	0.00
Income & Growth	322.3	342.8	-0.3	2.20
CS Fund Managers Limited				
125 High Holborn, London WC1V 6PY 01-242 1148				
CS America Fd	62.2	66.1	+0.2	0.77
CS International Fund	62.2	66.2	-0.1	1.72
CS Japan Fund	107.3	114.1	+0.2	0.44
CS Portfolio Inc. Fd.	97.5	103.7xd	-0.8	1.98
Canada Life Unit Trust Mngrs. Ltd				
2-6 High St, Potters Bar, Herts 0707 51122				
Can. Gen. Dist	163.8	172.5	-0.5	1.98
Do. Gen. Accum	263.5	277.5	-0.9	1.98
Do. Income Dist	110.2	116.0	-0.2	3.80
Do. Inc. Accum	233.6	245.9	-0.5	3.80
Gilt & Fxd. Int. Trust	36.8	38.7xd	-0.2	—

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers Ltd (c)
33 King William St, EC4R 9AS — 01-280 2060

American Growth	111.6	118.0	-0.8	0.94
(Accum Units)	116.2	123.6	-0.9	0.94
American Income	50.5	53.4xd	-0.4	4.62
(Accum Units)	56.4	59.6xd	-0.4	4.62
American Sm Cos Fd	51.6	54.5	+0.0	0.49
(Accum Units)	51.6	54.5	+0.0	0.49
British Blue Chip Fund	53.7	56.8xd	-0.1	2.25
(Accum Units)	54.6	57.7xd	-0.1	2.25
European Growth	166.3	175.9	+0.6	0.40
(Accum Units)	173.8	183.9	+0.6	0.40
European Income	87.2	92.2	+0.0	3.25
(Accum Units)	92.6	96.9	+0.0	3.25
Equity	373.1	382.6		2.29
(Accum Units)	391.4	404.9		2.29
General	396.4	419.4xd	-0.5	1.25
(Accum Units)	662.5	701.0xd	-0.5	1.25
Gilt	87.7	88.1	-0.5	8.05
(Accum Units)	104.9	104.8	-0.5	8.05
Global Fund	54.9	58.6	+0.0	0.64
(Accum Units)	54.9	58.1	+0.0	0.64
High Income Fund	55.8	59.0xd	+0.0	4.45
(Accum Units)	56.7	40.0	+0.1	4.43
High Interest Fund	44.3	46.8xd	-0.2	9.52
(Accum Units)	45.7	48.3xd	-0.2	9.52
Income	131.6	139.2xd	-0.6	2.85
(Accum Units)	152.9	160.7xd	-0.7	2.85
International	314.1	332.3	-1.0	1.74
(Accum Units)	393.0	415.8	-1.2	1.74
Japan	217.6	230.0	+0.1	1.74
(Accum Units)	225.2	238.1	+0.1	0.98
Pacific Fund	63.6	67.2	+0.4	0.10
(Accum Units)	63.6	67.2	+0.4	0.10
Recovery	336.5	356.0	+1.4	1.94
(Accum Units)	365.9	387.1	+1.5	1.94
UK Smaller Co's Fund	58.1	61.4xd	+0.1	1.62
(Accum Units)	58.5	61.9	+0.1	1.62

Merlin Fund Mngmnt Ltd
30 St James St, London SW1A 1HB — 01-925 1277

Merlin Sept 30	636.5	644.5	+3.0	1.05

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. — 0707 45184

UK Income Fund	67.1	71.3xd	-0.7	4.21
Accum Units	67.7	72.0xd	-0.8	4.17
UK Growth Fund Acc	66.1	70.3	-0.3	1.48
Global Income Fund	50.9	54.1	+0.1	3.70
Accum Units	50.9	54.1	-0.1	3.70
Global Growth Fund	51.7	55.0	-0.2	0.45

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Gilt Edged Inc	225.1		—
Do Accum	277.6		—
Guaranteed Inc	199.1		—
Do Accum	196.3		—
International Inc	522.5		—
Do Accum	643.8		—
Index Lk Gilt Inc	131.5		—
Do. Accum.	164.6		—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	319.5	+0.9	—
Property Pens.	432.1	+1.8	—
Equity	705.7	+0.4	—
Equity Pens.	943.2	+1.4	—
Money Market	293.6	-1.7	—
Money Mkt. Pens.	432.5	-3.2	—
Deposit	239.9	+0.1	—
Deposit Pens.	384.5	+0.1	—
Managed	306.7	+1.3	—
Managed Pens.	599.1	+3.1	—
Intl. Equity	367.1	+1.9	—
Do. Pens.	603.4	+4.1	—
Intl. Managed	334.6	+1.1	—
Do. Pens.	502.2	+2.2	—
North American	136.1	+0.5	—
Do. Pens.	157.8	+0.6	—
Far East	306.7	+1.3	—
Do Pens.	459.0	+2.6	—
Intnl. Currency	169.6	+1.0	—
Do. Pens.	219.0	+1.7	—
Index Linked	126.2	-0.9	—
S & C Managed Fd	143.6	+1.0	—
S & C Pens Mngd Fd	118.2	+1.2	—
Bell Chambers	131.0	+0.4	—
Loran & Loran	119.9	+0.4	—

Trendline Life Funds

Per Worldwide Rec.	173.6	+0.8	—
Per Far East Growth	226.8	+0.4	—
Per Intl Growth	168.4	+0.8	—
Per Income	181.7	+0.6	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds

Managed Fund	58.7	61.8	-0.1	—
Stock Market Mngd Fund	60.8	64.0	-0.1	—
Equity Fund	65.8	69.3	-0.1	—
International Fund	57.1	60.2	-0.1	—
European Fund	58.9	63.0	-0.1	—
North American Fund	51.4	54.2	-0.3	—
Pacific Fund	66.5	70.0	-0.2	—
Property Fund	52.8	55.6		—
Fixed Interest Funds	47.8	50.3	-0.3	—
Index Linked Sec Fund	45.0	47.4	-0.1	—
Deposit Fund	51.6	54.4		—

NUAM Retirement Plans

Mixed Fund	63.5	66.9	+0.2	—
UK Ordinary Share	77.0	81.1	+0.9	—
International Fund	59.0	62.2	+0.2	—
Property Fund	52.3	55.1		—
Fixed Interest Fund	49.7	52.4	-0.4	—
Index Linked Sec Fund	45.5	47.9	-0.1	—
Deposit Fund	53.5	56.4		—

NUAM (NF)

Managed Fund	808.8	851.4	-1.2	—
Equity Fund	1764.4	1857.3	-2.4	—
Property Fund	328.7	346.0		—
Fixed Interest Fund	352.7	371.3	-1.8	—
Deposit Fund	210.8	221.9		—
International Fund	148.2	156.0	-0.4	—
Index Linked Sec Fund	45.0	47.4	-0.2	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionmaster* & Unit-Linked Plus*

Fixed Interest Fund	253.1	266.4		—
Index-Linked Sec Fund	130.1	136.9		—
Ordinary Share Fund	547.0	575.7		—
International Fund	147.1	154.8		—
Property Fund	162.9	171.4		—
Deposit Fund	167.6	176.4		—
Mixed Fund	347.4	365.6		—
Norwich Units Sec 15		1018.4		

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

FT UNIT TRUST INFORMATION SERVICE

[illegible]

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	1987 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
101¾	100⅛	Treas. 12pc 1987	100⅛xd	.....	11.98	9.88
99[illegible]	97[illegible]	Treas 7¾pc 1985-88‡‡	97¾	–[illegible]	7.80	9.02
102¼	99[illegible]	Exch 10½pc '88	100[illegible]	.....	10.47	10.19
101[illegible]	98[illegible]	Treas 9¾pc Cv '88	99¾	.....	9.79	10.28
97[illegible]	95[illegible]	Transport 3pc '78-88	96¾	.....	3.10	7.60
101⅝	98[illegible]	Treas. 9½pc '88	99[illegible]xd	–[illegible]	9.56	10.16
105[illegible]	101[illegible]	Treas 11½pc 1989	101½	–[illegible]	11.32	10.20
102[illegible]	97[illegible]	Treas 9½pc Cnv 1989	99[illegible]xd	–[illegible]	9.59	10.15
94[illegible]	89¾	Treas 3pc 1989	93[illegible]	.....	3.22	7.53
104[illegible]	99[illegible]	Treas 10½pc 1989	100[illegible]	–[illegible]	10.40	10.20
103[illegible]	98[illegible]	Exch 10pc 1989	99[illegible]	–[illegible]	10.09	10.23
105¾	100[illegible]	Exch 11pc 1989	101[illegible]xd	–[illegible]	10.85	10.22
95[illegible]	89[illegible]	Treas 5pc 1986-89	93[illegible]xd	+[illegible]	5.37	8.73
103[illegible]	99[illegible]	Exch 10¼pcCv '89	100[illegible]	+[illegible]	10.19	9.875
111[illegible]	105	Treas 13pc 1990‡‡	105[illegible]	+[illegible]	12.30	10.11
106½	100[illegible]	Exch 11pc 1990‡‡	101[illegible]	+[illegible]	10.83	10.18
110[illegible]	104¼	Exch. 12½pc 1990	104[illegible]xd	+[illegible]	11.91	10.18
91[illegible]	84¼	Treas. 3pc 1990	88¾	.....	3.38	7.89
100[illegible]	95[illegible]	Treas 8¼pc 1987-90‡‡	95[illegible]	.....	8.63	10.15
105	97½	Treas. 10pcCv 1990	99½xd	.....	10.05	10.18
89[illegible]	81[illegible]	Exch 2½pc 1990	85⅞	+[illegible]	2.91	7.60
110½	102[illegible]	Treas 11¾pc 1991	104[illegible]	+[illegible]	11.29	10.20
95[illegible]	87¼	Funding 5¾pc '87-91‡‡	89[illegible]xd	+[illegible]	6.42	9.28
89[illegible]	80¼	Treas. 3pc 1991	84[illegible]	.....	3.55	7.97
110[illegible]	99	Treas 10pc Cv '91 ‡‡	100[illegible]	+[illegible]	9.99	9.78
109[illegible]	101¼	Exch. 11pc 1991	102[illegible]xd	+[illegible]	10.71	10.18
96[illegible]	91[illegible]	Treas. 8pc 1991	92[illegible]	+[illegible]		
116[illegible]	107[illegible]	Treas 12¾pc 1992‡‡	108[illegible]	+[illegible]	11.76	10.24

[illegible]

Five to Fifteen Years

[illegible]

Over Fifteen Years

[illegible]

Undated

[illegible]

BRITISH FUNDS—Contd

Index-Linked

[illegible]

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, ie 8 months prior to issue. RPI for January 1987: 100.0 and for August 1987: 102.1 (rebased at 100 January 1987 conversion factor 3.945).

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

Continued on next page

Money Market Bank Accounts

[illegible]

Money Market Trust Funds

[illegible]

UNIT TRUST NOTES

[illegible]

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
34⅞	25⅞	Tenneco $5	34⅛	+⅛	$3.04	—	5.4
220	149½	Do. 10pcLn.Stk. 91-5	220xd		10%	—	14.7
29⅝	17⅛	Texaco $6.25	25xd	−¼	$3.00	—	7.4
74⅛	47⅛	Time Inc $1	64½xd	−¼	$1.00	—	1.0
19⅝	11	Tracor $0.33	19⅝xd		40c	—	1.2
30⅛	18⅞	Transamerica $1	25¼xd	−¼	$1.84	—	4.4
14½	7¼	Transworld Corp $5	12	−¼	20c	—	1.0
27	14⅞	TRINOVA Corp.	25¼	−¼	h$1.00		2.4
24⅛	15⅛	♥USX $1	22⅛	+⅛	$1.20	—	3.3
19¼	15⅛	Union Carbide $1	17½	−¼	$1.50	—	5.3
37⅞	25⅞	Utd. Technologies	35⅛xd	−⅛	$1.40	—	2.4
39¼	27	US West‖	36½	+⅛	$3.28	—	5.5
30½	17½	Waste Management $1	27⅞	−1½	—	—	—
£31⅛	£20½	Whirlpool $1.0	£22½	−¼	—	—	—
37½	26	♥Woolworth $3½	29⅞	−⅛	$1.32	—	2.7

CANADIANS

1987 High	Low	Stock	Price	+ or −	Div Gross	C'vr	Y'ld Gr's
691p	362p	A&M Gold Corp‖	403p	+21	—	—	—
21⅛	10p	♥Abbot Energy Corp.	18¼p	−2¼	—	—	—
13⅛	566p	♥Amer. Barrick Res.	17⅛	−⅛	—	—	—
136p	32p	Amer. Dateco	82p	−4	—	—	—
141p	37½p	American Lightwave	40¼p	+2½	—	—	—
122p	52p	♥Arrowena	80½p	−4½	—	—	—
19⅞	14½	Bk. Montreal‖	14⅝	−⅛	$2.00	—	6.3
10⅛	730c	Bk. Nova Scot.‖	730pxd	−9	72c	—	4.5
20⅞	17⅛	BCE‖	18½	−⅛	$2.40	—	6.0
10⅛	712p	♥Bow Valley‖	906p	−3	40c	—	—
20	12⅝	♥Brascan‖	18¼	−¼	88c	—	2.2
609p	277p	♥Breakwater Res.	403p	−3			

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BUILDING, TIMBER, ROADS

BUILDING, TIMBER, ROADS—Cont

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY AND STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

INSURANCES

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Yld Gr's	P/E
412	305	PWS Holdings 10p	348	.....	s10.5	2.9	4.2	12.7
474	314	Pearl Group 5p	469	+1	†10.5	—	3.1	—
*£11¼	804	Prudential	£10⅞	.....	†29.0	—	3.7	—
580	433	Refuge 5p	575	–3	15.75	—	3.8	—
591	423	Royal	578xd	–5	††15.5	—	3.7	—
103	93	Salling Ins. Invs.	101	.....	—	—	—	—
*345	274	Sedgwick Group 10p	296	–2	12.0	1.7	5.6	12.6
339	207	Steel Burrill J.10p	237	+2	†9.0	2.0	5.2	13.2
668	403	Stewart Wr. 20p	600	+43	ϕ13.0	2.0	3.0	21.3
612	377	Storge Hldgs 20p	512	+2	†b6.0	2.5	1.6	33.6
£11[illegible]	645	Sun Alliance	£11⅞	.....	†23.5	—	2.7	—
£12¾	929	Sun Life 5p	£[illegible]xd	.....	†28.5	—	—	—
£69[illegible]	£39	♥Taisho M EDR	£48[illegible]	–½	ϕ010%	—	0.9	—
£22¾	£14[illegible]	Torchmark $1.00	£18[illegible]	–⅛	Q$1.00	—	3.3	—
385	235	Trade Indemnity	385xd	.....	†9.3	—	1.5	—
£34	£24¾	Travelers $1.25	£27⅜	–⅛	$2.28	—	5.1	—
£30⅛	£22¾	USF & G Corp $2.50	£24⅛	+⅛	Q$2.48	—	6.3	—
£33⅜	£20⅞	USLIFE Corp. $1.0	£24	+⅛	Q$1.20	3.2	3.1	5.3
728	555	Wtd Friendly 8 10p	728	.....	21.0	—	4.0	—
464	345	Willis Faber 12½p	410xd	+30	†10.75	2.4	3.6	15.6
128	41	Windsor Secs. 10p	116	+1	†0.7	1.5	0.8	—

LEISURE

[illegible]

MOTORS

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING—Continued

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Cont.

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

FINANCE, LAND—Cont.

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Continued

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Continued

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Gr's	P/E
[illegible]								
200	153	Chelsea Artisans 5p	183	.....	—	—	—	24.5
180	140	Comac Group 5p	157	.....	—	—	—	—
151	47	Corton Beach 10p	128	–2	0.4	♦	0.4	♦
228	150	Crown Eyeglass 5p	228	+3	—	—	—	—
*62	18	Eglinton Expln. I.R.5	26	–1	—	—	—	—
41	15	Do. Warrants	15	–1	—	—	—	—
186	101	Far East Res. 10p	166	.....	—	—	—	—
108	9	Gardner (J.) 5p	98	–2	R1.25	2.3	1.7	33.9
53	29	Honorbilt Group 5p	49	–1	—	—	—	41.2
133	115	Leading Leisure 5p	126	–1	0.9	3.1	1.0	36.4
90	68	Lynx Tech. 5p	85	.....	b—	—	—	9.8
82	17	Publishing Hldgs.5p	67	+3	s—	—	—	38.8
87	45½	Theme Holdings	74	–2	1.0	1.9	1.9	39.7
186	140	UPL Group 10p	183	+3	L2.41	2.8	1.8	—
140	111	Unit Group	140¢	.....	R4.6	2.5	4.5	10.0

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ϕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♣ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	98xd	.....	Fis. 13% 97/02	£107⅞	+1½
Craig & Rose £1	763	.....	Arnotts	370	–5
Finlay Pkg. 5p	111xd	+1	CPI Hldgs	85	–3
Holt (Jos) 25p	£10⅜	+⅛	Carrol Inds.	195	+7
IoM Stm. £1	278	.....	Dublin Gas	40¢	.....
			Hall (R. & H.)	180	+30
IRISH			Helton Hldgs.	78	+4
Fund 11¼% 1988	£100½xd	.....	Irish Ropes	205	.....
Nat. 9¾% 84/89	£98⅞	.....	Unidare	425	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	13
Amstrad	19	Nat West Bk	65
BAT	62	P & O Dfd	65
BOC Grp	50	Plessey	20
BSR	17	Polly Peck	34
BTR	36	Racal Elect	32
Babcock	32	RHM	35
Barclays	52	Rank Org Ord	70
Beecham	52	Reed Intnl	50
Blue Circle	50	STC	30
Boots	30	Sears	16
Bowaters	50	TI	37
Brit Aerospace	59	TSB	12
Brit. Telecom	28	Tesco	18
Burton Ord	32	Thorn EMI	65
Cadburys	25	Trust Houses	25
Charter Cons.	45	Turner Newall	26
Comm Union	34	Unilever	62
Courtaulds	45	Vickers	20
FNFC	32	Wellcome	42
Gen Accident	95	**Property**	
GEC	22	Brit Land	30
Glaxo	200	Land Securities	58
Grand Met	50	MEPC	48
GUS 'A'	125	Peachey	40
Guardian	95	**Oils**	
GKN	38	Brit Petroleum	32
Hanson Tst.	17	Britoil	30
Hawker Sidd	58	Burmah Oil	52
ICI	125	Charterhall	18
Jaguar	52	Premier	11
Ladbroke	45	Shell	125
Legal & Gen	32	Tricentrol	11
Lex Service	45	Ultramar	26
Lloyds Bank	35	**Mines**	
Lucas Inds	75	Cons Gold	125
Marks & Spencer	22	Lonrho	28
Midland Bk	45	Rio T Zinc	100
Morgan Grenfell	55		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates			
	Option		
*First Dealings	Declarations	Last Dealings	Account Day
Sept 14	Sept 24	Sept 25	Oct 5
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2

* New time dealings may take place from 9.00 am two business days earlier.

Government bonds steady after Chancellor's IMF speech but shares stay dull

The UK securities markets continued to tread water yesterday, with the absence of economic news at home leaving the City to concentrate on the meetings in Washington of the International Monetary Fund and the World Bank. British Government bonds improved following the speech to the IMF meeting by Mr Nigel Lawson, the UK Chancellor of the Exchequer. But the equity sector presented a dull picture again, with only a scattering of special situations to provide the features.

Mr Lawson's views on UK inflation and economic growth prospects were well received in the Gilt-edged sector. Bonds recovered early falls of ½ point or so to end a net ⅜ up on the day. Turnover improved only slightly, however.

Equity investors remained confident in the outlook for company profits and dividends, and the rally in bonds helped soothe worries about interest rates—the one factor which could upset market optimism.

With the underwriting deadline for the £7.5bn British Petroleum sale now barely a fortnight away, the market expects investment activity to remain subdued as the major institutions prepare for the big day.

Wall Street's weakness overnight made for a slow sart in equities but prices were steady until a brief flurry of blue chip selling, prompted by the expiration of the September FT-SE 100 contract, tripped the market lower. Prices then steadied while London waited for Wall Street to open, closing a shade easier in the day in sluggish trade.

The FT-SE 100 index ended a net 2.3 down at 2,366.0, with the FT Ordinary Index 3.9 down at 1,853.7.

Speculative situations continued to provide the highlights. The latest development was a long-anticipated bid for Matthew Brown by Scottish & Newcastle, the brewing monarch. The news brough activity elsewhere in the consumer stocks.

Good half-time profits from Tesco, the UK supermarket chain, provided the feature of the company reporting list.

Pharmaceutical stocks had a quieter session than of late, but there was a further recovery in Reckitt & Colman after Salomon Brothers recommended clients on both sides of the Atlantic to take advantage of the recent dip in the share price.

The rally in Government bonds was encouraged by bear-closing by professional traders who have been selling small parcels of stock since last week's auction of Treasury stock. London remained disturbed by the weakness of the New York bond sector, and retail interest was still thin.

Matthew Brown, he Blackburn-based brewer famed for its Theakston's Old Peculier strong ale, advanced 65 to 780p following the renewed share-exchange offer, valued at some £195m, from Mr Alick Rankin's **Scottish and Newcastle**, finally 1 off at 261p.

Scottish cleary hopes for a case of "third time lucky" in its quest for control of Matthew Brown in the wake of its two previous failures in 1985. The City has long since regarded Brown as a favoured target for Scottish, particularly with regard to the latter's attempts at expansion, seen as moves to head off possible takeover attempts, and its reluctance to divest itself of its near-30 per cent stake retaned in Brown as a legacy of its last and extremely close-fought bid. Mr Patrick Townsend, Brown's chairman, was quick to reject the fresh approach as "most unwelcome."

Willis Faber, the insurance broker, shot up a further 30 to 410p, having touched at 420p at one point after a turnover of 1.4m shares, with the market convinced that a bid from the Robert Holmes à Court-controlled Dewey Warren is on the cards. Over the past three days Willis shares have jumped 64p, and dealers say that the Australian entrepreneur is seeking to gain through Willis a 20.9 per cent stake in merchant bank Morgan Grenfell. It was said yesterday that the Holmes à Court interests were in the process of raising A$1bn-worth of financing.

But stores circulating in the market yesterday suggested that American interests, in the form of New York insurance broker Johnson & Higgins could well have been picking up a stake in Willis in recent days. Dewey Warren shares were 5 up at 331p and those of Morgan Grenfell put on 5 at 559p.

Rolls-Royce traded nervously on initial fears that the latest breach of the ceiling of 15 per cent on foreign shareholdings would lead to heavy enforced sales. The price dipped to 203p before rallying to end a net 3½ off at 205½p on later views that the shares have sufficient inner strength to resist such worries.

Insurance brokers included numerous firm features apart from Willis Faber. **Hogg Robinson Insurance** advanced 5 to 227p as the company announced that the departure of the company's political risk staff to Lloyd Thompson Holdings has been curtailed. The Willis Faber rumours eased earlier pressure on **Sedgwick** which closed only 2 off at 296p.

Scottish and Newcastle's revived foray for control of Matthew Brown stimulated widespread sympathetic support for other "vulnerable" regional breweries. **Vaux**, S & N's North-Eastern neighbour, spurted 22 to 569p, while **Boddington**, a dull market of late following some extremely disappointing first-half figures, rallied 7 to 148p.

Leading Buildings were selectively firm. **Blue Circle** moved up 9 to 475p, while **Rugby**, still reflecting the excellent half-year figures, added 4 more to 284p. Timber shares attracted good support and were highlighted by **Meyer International** which firmed 6 to 451p, a two-day rise of 18, following confirmation of a Wood Mackenzie recommendation. **Magnet** were an active market and finally 8 higher at 265p, while **Phoenix Timber** put on 11 to 136p. **Aberdeen Construction**, some 50p higher on Tuesday as the company revealed a takeover approach, came back 15 to 309p pending developments.

Henderson Group, a manufacturer of sliding door gear, garage and industrial doors, shot up to 370p prior to closing 39 higher on balance at 358p on the announcement that the company had received an approach which may or may not lead to an offer; the approach is thought to come from a fully-listed UK concern and follows numerous approaches to major shareholders Carousel. **Ibstock Johnsen** made fresh progress to close 15 higher at 231p; the company holds a 40 per cent stake in Eucalyptus Pulp Mills, a star performer in recent days.

Storehouse again attracted an extremely active business, easing 3 to 404p with over 25m shares changing hands, as the market awaited further moves from the various interested camps; Mr Robert Maxwell and Tony Clegg's Mountleigh are understood to control some 3 and 2 per cent of Storehouse respectively. The Benlox offer is currently worth 492p per share.

Other leading Retailers gave modest ground in relatively subdued trading, although **Dixons** hardened 9 to 385p in response to the bullish stance adopted at the annual meeting by chairman Stanley Kalms. In contrast, **Laura Ashley** dipped 6 to 188p reflecting disappointment with the first-half figures; although pre-tax profits breached the £10m mark, the outcome still fell short of some City expectations. Similar conditions prevailed in Marks and Spencer supplier **S. R. Gent**, which closed 8 off at 100p despite the return to profits at the interim stage.

Rumours that a co-operation agreement on System X could well be announced today triggered good support for **GEC** (where over 10m shares were traded), 4 higher at 226p, and **Plessey** which rose 3½ to 219½p after a turnover of 7m shares. Optimism over the company's Vodafone product and the flotation of a major US cellular phone company boosted **Racal** which jumped 8½ to 338p.

The proposed £35.6m rights issue left **United Scientific** 2 off at 295p. The tragic death of John Foulston, chairman and chief executive of **Atlantic Computers**, left the latter's shares 29 lower at 700p.

Engineerings retained their upward momentum, **Adwest** gaining 9 more to 327p, **Glynwed** rising 6 to 537p and **Richards (Leicester)** adding 15 further at 375p. News items brought a few exceptions, **Eadie** eased 2 to 131p following reduced interim profits and **Birmingham Mint** 5 to 246p after a proposed £3.2m rights issue and open offer to shareholders; the latter also announced an acquisition.

Tesco injected some interest into a lethargic Food sector. Group profits at the half-way stage exceeded market estimates and were nearly 40 per cent up on the previous year at £90.6m, but the market was not carried away. Analysts made only marginal alterations in their full-year predictions and said that the good news was written in the share price, up 3 yesterday at 196p. **Kwik Save** recovered further, gaining 7 to 400p, while **J. England** were lowered 16 to 118p in a restricted market.

A flurry of traded options activity put marketmakers in **Trusthouse Forte** on the alter. Substantial inter-market business followed, creating widespread speculative enthusiasm which raised the price 21 to 271p during a turnover of 16m shares. Wild talk of a Spanish consortium bid angered chief-executive Rocco Forte.

English China Clays attracted good support and, in a market none-too-well supplied with stock, rose 15 to 566p; brokers are due to visit the company's operations in Belgium and the Netherlands at the end of the week. **Pilkington** were the subject of a reasonable two-way trade and closed a shade dearer at 339p, but **Wellcome** shed 9 to 545p on possible competition worries; California has reportedly stated that it will allow tests on AIDs patients without FDA approval.

Appledore gained 57 to 470p in a restricted market, while **Aaronsen** put on 9½ to 178½ on takeover speculation. **Black Arrow** advanced 55 to 573p, while **Havelock Europa** rose 10 to 363p on news that the company had won approval for a full listing. Dealings in **Feedex** were suspended at 74p; the company is in negotiations to purchase a substantially larger concern.

Hammerson Property remained to the fore, although the price of the "A" shares slipped from a higher early level of 725p to end a net 10 up at 710p following the directors' denial of any bid approaches. But enfranchisement hopes remained alive and speculation continued of merger possibilities. Elsewhere, **Merivale Moore** responded to a Scrimgeour Vickers recommendation and gained 10 to 450p, while **Cussins** rose 8 to 433p on impressive first-half results. **Local London** reacted after news of a £27.6m rights issue and closed 45 down at 800p.

Corah came on offer following a stock market letter sell recommendation and closed 4 down at 113p. **Rothmans International** continued to thrive, gaining 7 more to 459p. Speculation of stake building or possible takeover developments refuse to die down in the latter.

Consideration of the sharply increased net asset value boosted **Abingworth** 12 further to 324p. Among other miscellaneous financials **Harvey and Thompson** rose 20 to 459p and **Silvermines** gained 11 to 228p. **UTC** were a contrasting feature, losing 8 to 355p after a call for fresh funds; to finance further expansion, the company proposes a rights issue, raising £8.3m net.

Activity in oils was again mainly confined to the second liners but the outstanding performance of the day came from **Calor Gas** where strong rumours of an imminent bid from the Burmah group boosted Calor shares 29 to 500p.

Recent strong buy recommendations from numerous brokers, but particularly Chase Manhattan Securities and Kleinwort Grieveson boosted **Clyde Petroleum** 8 to 150½p. **Carless** were also in demand and moved up 5½ to 145p while **Premier**, where Wood Mackenzie have been recommending the stock, jumped 4 more to 76p.

The impressive interim profits triggered further strong buying of **Silkolene** which added 15 to 350p, while further consideration of the return to profits boosted **Sovereign** 10 to 136p.

Britoil highlighted the leaders with the shares improving 6 to 339p.

TRADED OPTIONS

Lively conditions continued to prevail among traded options with 54,048 contracts transacted—35,278 calls and 18,770 puts. The expiry of the September FT-SE 100 index contract saw 1,567 calls and 1,770 puts done. Elsewhere, **Rolls-Royce** remained to the fore with 5,212 calls struck, the January series proving particularly popular, and 2,545 puts done, the October 205 series contributing almost 1,800 trades. Vague chatter of a Spanish consortium bid stimulated demand for **Trusthouse Forte** which attracted 3,062 calls, 1,663 in the December 260 series, as operators hastened to cover positions in the underlying share market. Recent favourite **Hanson Trust** was again lively with 3,135 calls transacted, the March 160, 180 and 200 series accounting for 1,062, 1,030 and 1,008 trades respectively. Dealers also reported an active and relatively evenly-balanced business in **GEC** which attracted 2,697 calls, 998 in the October 220's, and 4,241 puts, a large proportion of which were traded in the April 220's which accounted for 3,010 trades.

FINANCIAL TIMES STOCK INDICES

	Sep. 30	Sep. 29	Sep. 28	Sep. 25	Sep. 24	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	85.55	85.51	85.86	85.45	85.39	82.83	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.61	91.76	92.02	91.64	91.72	90.10	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1853.7	1849.8	1851.3	1831.6	1811.9	1251.7	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	453.1	456.9	462.6	467.1	456.7	321.5	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.16	3.17	3.16	3.19	3.27	4.43				
Earnings Yld.%(full)	7.74	7.75	7.73	7.81	8.00	10.17				
P/E Ratio (net) (*)	15.82	15.80	15.82	15.66	15.30	12.06				
SEAQ Bargains (5 pm)	35,856	37,458	37,445	47,178	39,901	—				
Equity Turnover (£m)	—	2134.61	1329.58	1,809.22	1,774.01	459.22				
Equity Bargains	—	44,046	45,316	51,479	46,083	17,729				
Shares Traded (ml)	—	731.7	552.6	671.7	603.7	213.1				

S.E. ACTIVITY

Indices	Sep. 29	Sep. 28
Gilt Edged Bargains	116.3	108.3
Equity Bargains	285.4	293.6
Equity Value	4314.6	2687.4
5-Day Average		
Gilt Edged Bargains	124.5	124.9
Equity Bargains	300.0	300.5
Equity Value	3944.8	3893.1

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1850.3	1852.1	1850.3	1852.4	1852.5	1852.4	1850.3	1850.5

Day's High 1854.0 Day's Low 1848.0. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, * Nil=15.60.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Traditional Options

- First dealings Sept 21
- Last dealings Oct 2
- Last declaration Dec 17
- For Settlement Dec 28

For rate indications see end of London Share Service

Call options were produced in Jackson Exploration, Astra Holdings, Stakis, T. Cowie, RTZ, Land Securities, Norcros, Ossory Estates, Amersham, Britannia Secs, J. E. England, Premier, Bridon, Elswick, FKI, Hillsdown, Williams Hldgs, Oliver Footwear, Corah, Energy Cap, Blue Arrow, Eagle Trust, Singer & Friedlander, Amstrad, Dee Corp, Storehouse, Campari, BOM and Int Control Secs. Puts were arranged in London Merchant Secs Defd, T. Cowie and R. Smallshaw.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (146)

AMERICANS (2), BANKS (3), BREWERS (5), BUILDINGS (4), CHEMICALS (4), STORES (7), ELECTRICALS (14), ENGINEERING (5), FOODS (1), HOTELS (2), INDUSTRIALS (24), INSURANCE (1), LEISURE (2), MOTORS (1), NEWSPAPERS (2), PAPERS (3), PROPERTY (4), SHIPPING (1), SHOES (1), TEXTILES (3), TRUSTS (44), OILS (7), PLANTATIONS (2), MINES (2), THIRD MARKET (2).

NEW LOWS (12)

BRITISH FUNDS (7) Tr. 2pc I-L 2006, Tr. 2½pc I-L 2009, Tr. 2½pc I-L 2011, Tr. 2½pc I-L 2013, Tr. 2½pc I-L 2016 (£60 Pd), Tr. 2½pc 2020, Tr. 2½pc 2024, AMERICANS (1) City Fed Finance, CANADIANS (1) Bank Nova Scot., CHEMICALS (1) Gaynor Grp, PROPERTY (1) Land Securities 10pc 2025, TRUSTS (1) Biotechnology Invs.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	13,000	202½	−0½	Ladbroke	769	453	−4
Allied Lyons	2,000	442	−3	Land Securities	899	602	−2
Amstrad	5,100	177	+2	Legal & Gen.	1,200	360	−4
Argyll Group	1,500	235	—	Lloyds Bank	1,000	368	−1
Assoc. Brit. Foods	1,300	343	+5	Lonrho	2,800	334½	—
BAT	3,200	702	−2	Lucas	112	786	−1
BET	1,700	284	−1	MEPC	533	561	−4
BICC	514	420	−1	Marks & Spencer	5,250	236	−5
BOC	427	546	−2	Midland Bank	797	538	—
BPB Inds	2,600	354	−9	Natwest Bank	1,300	755	−2
BPCC	803	363	−4	Next	382	374	−2
BTR	2,500	363	−2	Pearson	337	946	+1
Barclays	1,000	598	−3	P & O	857	738	—
Bass	475	£10	−⅛	Pilkington Bros	4,700	339	+1
Beecham	2,800	581	−3	Plessey	4,900	219½	+3½
Blue Circle	1,600	475	+9	Prudential	477	£10⅞	—
Boots	2,000	306	−4	Racal	7,400	338	+8½
Brit. Airways	1,200	214	−1	Rank Org.	622	704	−6
Brit. Aero	867	527	−4	RHM	1,000	357	+3
Brit. & Comm.	1,600	529	—	Reckitt & Col	203	£10⅝	+0⅛
British Gas	5,800	173	−1	Redland	563	515	+1
BritOil	3,200	338	+6	Reed Intl	1,400	594	+13
BP	5,700	379	+2	Reuters	173	905	−1
Brit. Telecom	9,000	263	+1½	RMC	155	512	−2
Bunzl	916	244	—	RTZ	334	£13⅜	−0⅛
Burton	3,400	288	—	Rolls-Royce	11,000	205½	−3½
Cable & Wire	3,100	504	−1	Rowntree	300	552	−1
Cadbury Schwps	789	280	—	Ryl Bank Scotland	228	417	−5
Coats Viyella	1,200	415	+6	Royal Insurance	1,600	578	−5
Comm. Union	1,100	414	−0½	STC	1,700	289	−2
Cons. Gold	952	£14⅛	−0⅛	Saatchi & Saatchi	3,200	568	+9
Cookson	352	610	—	Sainsbury	1,700	281	−1
Courtaulds	2,400	527½	−3½	Scott & Newcastle	4,200	261	−1
Dee Corpn	4,700	208	−2	Sears	2,700	170	−1
Dixons Group	5,000	385	+9	Sedgwick	1,000	296	−2
English China Clays	2,000	566	+15	Shell Trans	1,500	£13⅞	—
Fisons	1,400	356	—	Smith & Nephew	2,600	190½	−1½
Gen. Accident	778	£11¼	—	Standard Chart	30	827	−1
Gen. Elect	10,000	226	+4	Storehouse	24,900	404	−3
Glaxo	834	£17⅜	−0⅛	Sun Alliance	320	£11⅞	—
Globe Investment	2,000	189	+0½	TSB	1,800	137½	−0½
Granada	267	350	−2	Tarmac	1,700	302	−2
Grand Met	1,400	579	−1	Tesco	14,000	196	+3
GUS "A"	829	£14⅛	−0⅛	Thorn EMI	2,000	715	+4
Guardian R.E.	134	£11⅛	—	Trafalgar House	993	398	−4
GKN	913	412	+1	T'house Forte	16,000	271	+21
Guinness	1,500	372	−2	Ultramar	2,400	279	−1
Hammerson	873	710	+10	Unigate	577	366	+1
Hanson Trust	7,100	182½	−0½	Unilever	926	637	−8
Hawker Sidd	530	594	—	United Biscuits	1,900	316	+1
Hillsdown Hldgs	1,700	346	−4	Wellcome	4,700	545	−9
ICI	1,400	£16	−0⅛	Whitbread "A"	541	324	−2
Jaguar	612	572	−3	Woolworth	2,000	351	+3

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	49	35	29
Corporations, Dominion and Foreign Bonds	5	11	39
Industrials	439	435	705
Financial and Properties	171	132	314
Oils	32	26	55
Plantations	3	4	7
Mines	22	74	94
Others	62	117	63
Totals	783	834	1,306

FT-ACTUARIES WORLD INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

	Wednesday September 30 1987: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tue Sep 29 Index No.	Mon Sep 28 Index No.	Fri Sep 25 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (214)	999.91	+0.2	7.01	2.81	17.91	17.43	997.83	993.33	985.89	651.04
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX ♦	2366.0	−2.3	2369.3	2361.6	2368.3	2368.1	2342.6	2313.4	2352.4	1578.3

FIXED INTEREST

PRICE INDICES	Wed Sept 30	Day's change %	Tue Sept 29	xd adj. today	xd adj. 1987 to date
British Government					
1 5 years	120.33	+0.06	120.26	—	8.89
2 5-15 years	134.26	+0.24	133.93	—	10.50
3 Over 15 years	141.94	+0.43	141.33	—	10.29
4 Irredeemables	155.75	+0.30	155.29	—	8.81
5 All stocks	131.91	+0.22	131.62	—	9.99
Index-Linked					
6 5 years	119.94	−0.05	120.00	—	2.18
7 Over 5 years	110.71	−0.40	111.15	—	2.60
8 All stocks	111.31	−0.37	111.72	—	2.55
9 Debentures & Loans	113.81	−0.53	114.50	0.09	7.89
10 Preference	82.75	−0.06	82.80	0.08	4.39

AVERAGE GROSS REDEMPTION YIELDS

LONDON TRADED OPTIONS

Option		CALLS Oct.	CALLS Jan.	CALLS Apr.	PUTS Oct.	PUTS Jan.	PUTS Apr.
Allied Lyons (*442)	390	57	65	78	2	5	10
	420	30	42	57	4	15	20
	460	7	23	35	25	35	40
Brit. Airways (*214)	190	26	—	—	2	—	—
	200	16	28	36	5	12	16
	220	5	16	26	12	22	27
Brit. & Comm. (*530)	460	77	92	103	2	5	12
	500	38	65	80	5	15	22
	550	8	35	53	28	35	42
B.P. (*377)	330	51	64	70	2	6½	12
	360	24	43	50	5	14	23

Option		CALLS Nov.	CALLS Feb.	CALLS May	PUTS Nov.	PUTS Feb.	PUTS May
LASMO (*374)	330	49	68	73	5	15	20
	360	31	46	57	13	20	30
	390	15	32	44	31	38	46
Plessey (*220)	180	44	51	56	1½	4	8
	200	27	35	41	5	9	13
	220	12	22	29	11	17	22
Prudential (*1088)	1000	95	132	150	13	25	37
	1050	67	100	117	27	42	60
	1100	35	72	90	52	65	80
P. & O. (*738)	688	67	88	—	6	18	—
	700	—	—	95	—	—	33
	750	25	57	67	27	40	57

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

AUSTRIA

Sep. 30	Price Sch%	+ or −
Creditanstalt	2205	−5
Goesser	3300	......
Interunfall	12950	−20
Jungbunzlauer	8910	−10
Laenderbank	2040	−20
Perlmooser	735.00	......
Steyr-Daimler	124.00	......
Veitscher Mag	879.00	......

BELGIUM/LUXEMBOURG

Sep. 30	Price Frs.	+ or −
B.B.L.	3100	......
Banque Gen. Du L.	14500	......
Bank Int. A	14200	......
Bekaert B	10800	......
Ciment CBR	6710	+10
Cockerill	171	−1
Colruyt	10825	−175
Delhaize	4800	+50
EBES	4690	−10
Fabrique Nat	1452	......
GB Inno BM	1272	+2
GBL (Brux) L	4000	−80
Generale Bank	6250	−20
Gevaert	8250	+150
Hoboken	8300	......
Intercom	3650	−40
Kredietbank	4520	+100
Pan Holdings	13500	......
Petrofina	13000	−100
Raffinerie Tirle	1775	+5
Royale Belge	6000	−10
Soc Gen Belge	3690.00	−10
Sofina	15250	+450
Solvay	15500	−350
Stanwick Intl.	550	......
Tractebel	7700	−70
UCB	11200	−150
Wagons Lits	5640	−60

DENMARK

Sep. 30	Price Kr %	+ or −
Baltica Hldgs.	1080.00	+10
Cop Handelsbank	252.00	−1
D. Sukkerfab	293.00	......
Den Danske Bank	333	......
East Asiatic	201.00	+1
Forenede Brygg	910	......
GNT Holding	240.00	+5
I.S.S.B. Systems	845.00	......
Jyske Bank	525	−10
Novo Inds.*	213.00	+1
Privatbanken	257.00	−1
Sophus Berendsen	1020.00	+10
Superfos	240.00	−9

FINLAND

Sep. 30	Price Mka	+ or −
Amer	259	+2.5
KOP	60.35	+0.1
Kone	250	+3.5
Finnish Sugar	96	+6.5
Kymmene	133.5	−1
Nokia	299.5	−4
Pohjola 'B'	119	−1.5
Rauma-Repola	34.75	......
Stockmann 'B'	290.5	−0.5
UBF 'C'	35.35	+0.15
Utd. Paper	158.5	−1
Wartsila (s11)	253.5	+2

FRANCE

Sep. 30	Price Frs.	+ or −
Emprunt 4½% '73	1900	−5
Emprunt 7% 1973	9125	+3
Accor	452	−4
Agence Havas	533	−5
Air Liquide	691	−4
Alcatel	2298	−2
BIC	790	−4
BNP (Cert. Inv.)	410	......
Bongrain	2720	−91
Bouygues	1159	−37
BSN Gervais	5040	−70
Carrefour	3209	−20
Club Mediterranee	617	−16
Cie Bancaire	630	−7
Cofimeg	310.00	......
CGE	336.7	......
Damart	3090	−10
Darty	437	−13
Dumez S.A.	1024	−30
Eaux (Cie Gen)	1205	−48
Elf-Aquitaine	342	−5.5
Essilor	3650	−140
Gen. Occidentale	1090	−30
Imetal	189	−4
Lafarge Coppee	1699	−32
L'Oreal	3600	−100
Legrand	3105	−30
Maisons Phenix	79	−3
Matra S.A.	2240	−40
Michelin B.	316	−10
Midi (Cie)	1279	−45
Moet-Hennessy	2740	−105
Moulinex	80	−1
Nord Est	155	−2.3
Paribas	427	−2.5
Pernod Ricard	912	−15
Perrier	845	−16
Petroles Fra	407	+2
Peugeot S.A.	1560	−25
Printemps Au	753	+1
Radiotech	1690	−70
Redoute	3455	−15
Roussel-Uclaf	1490	......
St. Gobain	500	−7
Sefimeg	436	......
Skis Rossignol	1225	−28
Telemech Elect	3700	−85
Thomson (CSF)	1228	−27
Valeo	661	−27

GERMANY

Sep. 30	Price Dm.	+ or −
AEG	326.30	−3.2
Allianz Vers	2055.00	−5
BASF	338.80	−0.4
Bayer	361.50	+1.5
Bayer-Hypo	508.00	−2.5
Bayer-Verein	488.00	−1
BHF-Bank	484.50	−0.5
BMW	735.00	−2
Brown Boveri	349.00	+0.5
Commerzbank	301.00	−2
Cont'l Gummi	333.20	+5.2
Daimler-Benz	1066.00	−6
Degussa	541.00	−4
D'sche Babcock	238.00	−1
Deutsche Bank	689.50	−4.2
Dresdner Bank	360.00	......
Feldmuehle Nobel	320.70	−1.3
Henkel	580.00	−7
Hochtief	685.00	......
Hoechst	320.80	−0.6
Hoesch Werke	131.50	+2
Holzmann (P)	400.00	−4
Horten	247.00	−1
Hussel	661.00	−4
Karstadt	589.50	−7.5
Kaufhof	523.50	+5.3
KHD	184.00	−2.5
Kloeckner Werke	136.00	......
Linde	741.00	−2.5
Lufthansa	174.00	−0.5
MAN	192.00	+0.2
Mannesmann	178.30	−0.2
Mercedes Hld.	983.00	+45
Metallgesell	379.00	+3
Muench Rueck	2000.00	−50
Nixdorf	819.00	−6
Porsche	965.00	−33
Preussag	196.80	+1.8
Rhein West Elect	238.00	−1
Rosenthal	300.50	+0.5
Schering	689.00	−5
Siemens	659.50	−4
Thyssen	135.10	+0.4
Varta	366.00	−2
Veba	312.50	−1
V.E.W.	167.50	−1.5
Verein-West	460.00	......
Volkswagen	379.50	−3.5

ITALY

Sep. 30	Price Lire	+ or −
Banca Com'le	2825	−50
Bastogi-IRBS	392	−7.5
CIR	5290	−10
Credito Italian	1735	−15
Fiat	11625	+25
Generali Assicur	108000	+1050
Italcementi	116600	+300
La Rinascenti	1078	+21
Montedison	2265	+70
Olivetti	11680	−170
Pirelli Co	5870	......
Pirelli Spa	4500	......
Saipem	3610	−49
Snia BPD	3489	+74
Toro Assic	28700	−200

NETHERLANDS

Sep. 30	Price Fls.	+ or −
ACF Holding	58.80	+0.3
AEGON	87.50	+0.6
Ahold	103.80	−0.3
AKZO	175.90	−1.1
ABN	46.80	−0.1
AMEV	60.60	+0.5
AMRO	82.90	−0.8
Buehrmann-Tet	63.70	−0.3
Dordtsche Pet	244.10	−1.4
Elsevier	59.30	−1
Fokker	58.40	+0.3
Gist Brocades	48.80	......
Heineken	174.30	−0.7
Hoogovens	47.50	−0.2
Hunter Douglas	68.40	+0.4
IHC Calland	22.80	−0.5
Int Mueller	65.50	−1.5
KLM	54.40	−0.1
KNP	160.70	−0.3
Nat Ned Cert	73.90	−0.1
Ned Mid Bank	162.00	+1
Ned Lloyd	189.90	−0.6
Oce Grinten	427.00	−3
Ommeren (Van)	34.2	......
Pakhoed	83.00	−1.2
Philips	51.60	+0.1
Robeco	111.80	−0.2
Rodamco	144.40	......
Rolinco	107.60	−0.1
Rorento	51.80	......
Royal Dutch	267.50	−1
Unilever	139.30	......
VMF Stork	22.00	+0.3
VNU	93.50	......
Wessanen	89.20	+0.5
Wolters Kluwer	139.50	−1.5

NORWAY

Sep. 30	Price Kroner	+ or −
Aker-Norcem	92	−2.5
Bergen bank	238	+2.5
Bergesen B	432.50	+2.5
Christiania Bk	252	−2.5
Den Norsk Credit	195.50	+1
Elkem	149	+2.5
Hafslund	602.50	......
Kosmos	161	+1
Kvaerner	299.50	−2.5
Norsk Data	238	+1
Norsk Hydro	252	−2.5
Orkla Borregaard	565	−10
Storebrand	422.50	+2.5

SPAIN

Sep. 30	Price Pts. %	+ or −
Alcazar	650	......
Banco Bilbao	1900	+42
Banco Central	1145	+10
Banco Exterior	600	......
Banco Hispano	810	......
Banco Popular	1900	+10
Banco Santander	1299	+7
Banco de Vizcaya	1885	−15
Banesto	1295	......
Dragados	756	−12
Hidrola	94.20	+0.2
Iberduero	128.20	+5.2
Petroleos	739	−5
Telefonica	220.50	+0.8

SWEDEN

Sep. 30	Price Kroner	+ or −
AGA (free)	224.00	+4
Alfa-Laval	357.00	+1
ASEA (Free)	440.00	+2
Astra B (Free)	255	−1
Atlas Copco	205	+1
Beijer A Fria	233	......
Cardo (Free)	328	......
Cellulosa	344	+12
Electrolux B	334	−1
Ericsson	242	......
Esselte	195	−3
Mo Och Domsjo	505	+15
Pharmacia	247	......
Saab-Scania (free)	294.00	......
Sandvik	204	+1
Skandia Int	204	+2
Skandia Intl.	286	+12
Skan Enskilda	154	+3
SKF	389	−2
St. Kopparbergs	427	+6
Svka Handelsbn	540	......
Swedish Match	114	......
Volvo B (Free)	401	−1

SWITZERLAND

Sep. 30	Price Frs.	+ or −
Adia Intl.	12600	−150
Alusuisse	900	......
Bank Leu	3950	......
Brown Boveri	2930	−35
Ciba Geigy	4160	−50
do. (PtCts)	2895	−5
Credit Suisse	3460	......
Elektrowatt	4140	−20
Fischer (Geo.)	1660	−75
Hoff-Roche (Pt Cts)	152250	−1250
Hoff-Roche 1/10	15158	−200
Jacobs Suchard	10900	+250
Jelmoli	3900	......
Landis & Gyr	2000	−10
Nestle	11025	−25
Oer-Buhrle	1480	−70
Pargesa Hldg	2370	−20
Pirelli	439	+1
Sandoz (Br)	15500	+100
Sandoz (PtCts)	2650	......
Schindler (PtCts)	950	−7
Sika	840	+65
Surveillance	6825	−25
Swissair	1385	+35
Swiss Bank	508	−1
Swiss Reinsce	17900	......
Swiss Volksbk	2325	−28
Union Bank	5050	+10
Winterthur	6950	−50
Zurich Ins	7100	−75

AUSTRALIA

Sep. 30	Price Aust$	+ or −
ACI Int.	4.45	+0.15
A.F.P.	4.10	+0.02
Adelaide Steams	10.40	......
Amcor	5.30	−0.24
ANZ Group	5.40	+0.04
Ampol Pet	4.15	......
Ariadne Aust	2.68	+0.03
Ashton	3.52	−0.03
Aust Guarant	4.00	−0.1
Aust Nat Inds	2.53	−0.02
Bell Group	10.00	−0.1
Bell Resources	5.30	−0.06
Bond Corp Hldgs	2.75	−0.1
Boral	6.40	+0.04
B'ville Copper	5.32	−0.06
Brambles Inds	11.56	+0.05
Bridge Oil	1.75	......
BHP	10.65	−0.05
BHP Gold	1.75	+0.05
Burns Philp	5.90	......
CRA	10.60	−0.3
CSR	4.75	......
Chase Corp	4.25	......
Claremont Petro	0.95	−0.03
Coles Myer	9.48	+0.1
Comalco "A"	5.30	+0.1
Consolidated Pet	0.23	+0.01
Costain Aust	4.00	......
Elders IXL	5.60	−0.06
Energy Res	2.75	−0.05
Gen Prop Trust	3.60	−0.08
Goodman Fielder	5.26	−0.14
Hardie (J.)	4.90	−0.02
Hartogen Energy	3.00	+0.2
ICI Aust	6.04	−0.1
Industrial Equity	6.30	−0.06
Jimberlana (50cFP)	0.67	−0.01
Jones (David)	13.60	−0.1
Kia Ora Gold	1.10	......
Kidston Gold	7.50	−0.2
Lend Lease	18.40	−0.1
MIM	3.33	−0.03
Mayne Nickless	6.50	......
Nat. Aust. Bank	5.86	+0.06

AUSTRALIA (Continued)

Sep. 30	Price Aust$	+ or −
News	24.50	+0.5
Noranda Pacific	5.06	−0.06
North Bkn Hill	4.65	−0.1
Oakbridge	0.51	−0.01
Pacific Dunlop	5.80	−0.1
Pancont'l	3.75	−0.1
Pioneer Conc	4.95	+0.05
Placer Pacific	3.70	−0.2
Poseidon	6.50	−0.1
Queensland Coal	1.56	......
Santos	6.92	+0.06
Smith (H.)	5.10	......
Thos Natwide	6.80	−0.02
Tooth	9.10	......
Vamgas	3.55	......
Western Mining	9.20	−0.02
Westpac	6.60	......
Woodside Petrol	2.00	......
Woolworths	3.50	+0.08
Wormald Intl	3.40	+0.05

HONG KONG

Sep. 30	Price H.K.$	+ or −
Bank East Asia	35.00	+0.25
Cathy Pacific	8.80	+0.2
Cheung Kong	13.20	+0.2
China Light	30.25	+0.65
Evergo	1.23	+0.05
Hang Lung	19.00	......
Hang Seng Bank	51.00	......
Henderson Land	8.70	+0.3
Hong Kong China	22.30	+0.7
HK Electric	10.80	+0.2
HK Land	9.45	+0.55
HK Shanghai Bank	11.00	+0.2
HK Telephone	18.30	+0.2
Hutchison Wpa	15.50	+0.5
Indust Equity P	29.00	......
Jardine Math	23.80	+0.8
New World Dev	15.70	+0.5
SHK Props	20.50	+0.6
Shell Elec. Mfg.	2.40	−0.02
Swire Pac A	28.90	+0.4
TV-B	16.80	−0.1
Wharf Hldgs	10.60	+0.2
Windsor Ind.	15.90	+0.2
World Int Hldgs	5.00	+0.1

JAPAN

Sep. 30	Price Yen	+ or −
Ajinomoto	3450	+30
All Nippon Air	2170	+50
Alps Electric	2720	+90
Asahi Chemicals	1290	+10
Asahi Glass	2130	......
Bank Tokyo	1620	−10
Bridgestone	1300	+20
Brother Inds.	678	......
Canon	1260	......
Casio Computers	1490	+20
Chugai Pharm	1990	−20
Daiei	1700	+60
Dai Ichi Kan Bank	3250	−40
Dai Nippon Ink	845	+10
Dai Nippon Ptg	2300	+10
Daiwa House	2000	−80
Daiwa Sec	3150	−30
Eisai	2300	−30
Fanuc	6890	+50
Fuji Bank	3180	−20
Fuji Film	4920	−60
Fujisawa	2220	......
Fujitsu	1510	......
Furukawa Elect	935	−5
Green Cross	2900	+50
Heiwa Real Est	2000	......
Hitachi	1540	−10
Hitachi Credit	1690	+80
Honda	1730	+50
Indl Bank Japan	3450	−110
Ishikawajima Ha	641	−3
Isuzu Motors	486	−4
Itoh (C)	764	−6
Ito Yokado	3980	−20
JAL	16800	+600
Jusco	1510	+10
Kajima	1730	−30
Kao Corp	2070	−10
Kawasaki Steel	339	+6
Kirin	2450	+70
Kobe Steel	316	−1
Komatsu	741	+3
Konishiroku	865	−2
Kubota	645	+7
Kumagai	1090	−10
Kyoto Ceramic	6970	−20
Marubeni	528	−5
Marui	3320	−30
Mazda Motors	469	+1
Meiji Seika	1110	+20
MEI	2830	−30
M'bishi Bank	3090	−10
M'bishi Chem	1190	+20
M'bishi Corp	1300	......
M'bishi Elec	703	−2
M'bishi Estate	2510	−70
MHI	673	−2
Mitsui Bank	2510	−30
Mitsui Co.	790	−10
Mitsui Estate	2120	−10
Mitsui Toatsu	779	+10
Mitsukoshi	1720	......
NGK Insulators	1010	+10
Nikko Sec	2270	−30
Nippon Denso	1620	−20
Nippon Elect	2430	+30
Nippon Express	1170	−10
Nippon Gakki	1960	+30
Nippon Kogaku	1260	+10
Nippon Kokan	356	+3
Nippon Oil	1370	−10

JAPAN (Continued)

Sep. 30	Price Yen	+ or −
Nippon Seiko	663	+4
Nippon Shimpan	1230	+10
Nippon Steel	434	+9
Nippon Suisan	630	+5
Nippon Yusen	630	−8
Nissan Motor	848	−7
Nisshin Flour	1420	+20
Nomura	4450	−100
Olympus	1200	......
Onoda Cement	786	+10
Orient Finance	1580	+30
Orient Leasing	3800	......
Pioneer	3190	+140
Ricoh	1360	−40
Sankyo	1740	+20
Sanwa Bank	2800	......
Sanyo Elect	560	−4
Sapporo	1720	−50
Sekisui House	2040	−90
Seven-Eleven	7650	−50
Sharp	1260	......
Shimizu Const.	1010	−40
Shionogi	1720	−10
Shiseido	2240	+70
Showa Denko	787	+35
Sony	5590	+90
Sumitomo Bank	3780	−70
Sumitomo Chem	945	+9
Sumitomo Corp	1100	......
Sumitomo Elect	1820	−50
Sumitomo Metal	336	+3
Sumitomo Tr. & Bk.	3590	−110
Taisei Corp	1050	−10
Taisho Marine	1160	−10
Taiyo Kobe Bank	1560	−90
Takeda	3500	+50
TDK	5590	+20
Teijin	910	+15
Toa Nenryo Kyo	2030	+20
Tokai Bank	2180	−40
Tokyo Marine	2130	−50
Tokyo Elect Pwr	6310	−80
Tokyo Gas	1020	......
Tokyu Corp	1380	−20
Toppan Print	1660	−20
Toray	913	−2
Toshiba Elect	817	+2
Toyo Seikan	2770	+70
Toyota Motor	2200	+40
UBE Inds	500	+12
Victor	3080	+90
Yamaha	1110	−10
Yamaichi Sec	2250	−120
Yamanouchi	4400	+10
Yamazaki	1600	+70
Yasuda Fire	1090	−30

SINGAPORE

Sep. 30	Price $	+ or −
Boustead Hldgs	1.89	−0.06
Cerebos Pacific	7.95	......
Cold Storage	5.10	−0.05
DBS	16.70	......
Genting	6.95	−0.2
Haw Par Bros	6.35	−0.15
Hong Leong Fin.	4.28	−0.1
Inchcape Bhd	6.50	−0.05
Keppel Shipyard	3.80	−0.1
Malay Banking	7.75	−0.2
Malayan Utd. Ind.	2.46	−0.03
Multi Purpose	0.67	......
OCBC	10.10	−0.3
OUB	5.35	−0.05
Public Bank	2.70	−0.04
Sime Darby	3.40	−0.14
Singapore Air	14.40	−0.3
Singapore Press	10.40	−0.1
Straits Trading	5.40	......
Tat Lee Bank	4.30	......
UOB	7.20	......

SOUTH AFRICA

Sep. 30	Price Rand	+ or −
Abercom	2.90	......
AE & CI	17.00	......
Allied Tech.	173.00	+3
Anglo Am Coal	41.00	......
Anglo Am Corp	87.75	−0.25
Anglo Am Gold	390.00	......
Barclays Bank	24.50	+0.25
Barlow Rand	28.25	+0.1
Buffels	71.50	−0.5
CNA Gallo	6.40	−0.1
Currie Finance	5.30	+0.1
De Beers	52.50	−0.25
Driefontein	90.00	+1.25
Freegold	55.75	+1
Gold Fields SA	96.50	......
Highveld Steel	7.00	−0.1
Malbak Hldgs	27.75	......
Nedbank	7.65	+0.05
OK Bazaars	16.50	......
Rembrandt	14.75	−0.25
Rust Plat	59	......
Safren	31.75	+0.25
Sage Holdings	16.75	+0.25
SA Brewers	26.25	+0.75
Smith (C.G.)	48.50	......
Tongaat Hulett	15.00	......

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. # Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all. * Price in Kroner.

CANADA

TORONTO

Closing prices September 30

Sales	Stock	High	Low	Close	Chng
14544	AMCA Intl	$12⅝	12½	12½	−⅛
15835	Abitibi Pr	$32⅞	32⅛	32⅞	+⅛
200	Acklands	$17½	17½	17½	+½
22000	Agnico E	$35¾	35⅛	35⅜	−⅛
27196	Albrta En	$21⅜	21	21	−⅜
4520	Albrta N	$14⅞	14⅝	14⅞	+¼
180226	Alcan	$47½	46⅝	47⅛	+¼
200	Algoma St	$19¾	19¾	19¾	+⅛
11200	Asamera	$12⅝	12⅛	12⅛	−⅛
18750	Atco I f	$13¼	12⅞	12⅞	−⅝
1800	Atco II	$13	12¾	12¾	−⅝
76554	Bk BCol	72	70	70	−2
2050	BC Sugar A	$27¾	27¼	27¼	−½
5550	BGR A	$14¾	14½	14¾	
5502	BP Canada	$24¾	24¼	24¼	−½
1000	Banister C	$13	13	13	−⅛
153097	Bk Mont	$31¾	31⅛	31⅛	−¼
116845	Bk NScot	$15⅝	15	15¼	−⅜
144606	Bell Can	$39¾	39¼	39½	
6000	Bralorne	190	190	190	+5
1400	Bramalea	$23	23	23	
45779	Brascan A	$39¾	39¼	39⅝	+⅛
92365	Brinwater	$8⅝	8⅜	8⅜	−⅜
319482	BC ForP	$23¾	22¾	23¾	+⅞
28480	BC Res	106	103	103	−3
8224	BC Phone	$26⅛	26	26⅛	+⅛
9300	Brunswk	$14¾	14¾	14¾	
80400	CAE	$9½	9⅜	9⅜	
33400	CCL B f	$13⅞	13	13	
15500	Cad Frv	$33¼	33	33¼	+¼
53600	Cambridg	$28	27⅞	27⅞	−⅛
1025	Camp Res	295	295	295	−5
3984	Camp Soup	$20	19¾	19¾	−¼
74695	Campeau f	$25½	24¼	24½	−⅞
3213	CCem ex p	$20¾	20½	20⅝	+¼
416353	CDC f	$14½	14¼	14⅜	+⅛
300	Can Malt	$24¼	24	24	−½
1839	C Nor West	$26¼	26	26	−½
6100	C Packrs	$14⅞	14¾	14¾	−⅛
960	Can Trust	$77	77	77	
100	CG Invest	$50	50	50	+1
196258	CI Bk Com	$21	20¾	20¾	−¼
2400	C Marconi	$21	20¾	20¾	−¼
14550	C Ocdental	$20	19¾	20	+⅛
399240	CP Ltd	$27½	27⅛	27⅜	−⅛
32200	CTire A f	$14⅞	14⅜	14⅜	−⅛
11508	CUtil A f	$19½	19¼	19½	+⅛
16300	CUtil B	$19⅝	19½	19½	+⅛
21170	Canfor	$34¼	33⅝	33¾	−⅛
600	Canron A	$16	15	16	+½
16401	Cara	$12½	12½	12½	
238169	Carma A	33	30	32	+2
100	Celanese	$21½	21½	21½	−⅜
13900	CentFd A	$8½	8⅜	8½	
222	Centrl Tr	$22¾	22¾	22¾	−⅛
1844	Chieftan	$13½	13½	13½	+⅜
13100	CHUM B f	$16¾	16¼	16¾	+½
91896	Cominco	$21¾	21¼	21½	+¼
21500	Computlog	$7⅞	7⅝	7¾	
1700	Compt In	275	270	270	−9
1675	Comterm	62	60	62	−8
27800	Con Bath A	$20¼	19⅞	20⅛	−¼
53700	CDistb B f	455	450	450	−10
1400	Cons Gas	$24⅜	24	24	−⅜
200	Con Glass	$25	25	25	
21368	Conwst B	$14	13¾	13⅞	−⅛
2401	Costain Ltd	$11	10⅞	10⅞	+⅛
16200	Coseka R	90	88	88	−2
100	Crownx	$17¾	17¾	17¾	
94550	Crownx A f	$8⅝	8½	8½	
2100	Czar Res	205	202	202	−1
8025	Denison A p	$7⅜	7¼	7¼	−¼
15325	Denison B f	$6¾	6½	6⅝	−⅛
300	Develcon	370	370	370	
13725	Dicknsn A f	$13¾	13⅝	13⅝	−¼
7800	Dicknsn B	$16	16	16	
90849	Dofasco	$27¾	27¼	27½	+¼
186407	Dome Pete	117	115	115	
17923	D Textile	$19¾	19¾	19¾	
8500	Domtar	$20⅛	19⅞	19⅞	+⅛
44500	Donohue	$35¾	35¾	35¾	+⅛
13340	Du Pont A	$32	31⅝	32	+⅜
72750	Dylex A	$12⅞	12½	12½	−⅜
600	E-L Fin	$66	65⅞	66	
91725	Echo Bay	$37⅞	37⅛	37⅛	−½
1100	Emco	$14⅞	14⅞	14⅞	
300	FCA Intl	$13⅝	13⅝	13⅝	
379370	Ficnbrdg	$30	29⅝	30	+¼
7500	Fed Ind A	$18⅝	18¼	18⅝	+¼
1100	Fed Pion	$12¾	12¾	12¾	+⅛
4700	FCity Fin	$19⅜	19⅛	19⅜	+⅜
7751	Gandalf	$10⅜	10⅛	10¼	
3500	Geac Comp	215	210	215	+5
16466	Gendis A	$17½	16¼	17½	+1¼
11500	Giant Yk	$33	32½	32½	+½
19300	Gibrltar	$12½	12¼	12¼	−⅛
33699	Goldcorp f	$10¼	10	10⅛	
12200	Grafton A f	$15⅝	14½	15⅝	+1¼
325	GL Forest	$54¼	53¾	54¼	+½
2000	Gt Pacific	$47½	47½	47½	+1
2530	Greyhnd	$25½	25⅛	25⅛	−⅛
1025	Hawker	$28¾	28⅜	28¾	+¼
5723	Hayes D	$11½	11½	11½	
26015	Hees Intl	$24⅞	24⅝	24⅞	+⅛
1050	H BayMn s	$12¼	12⅛	12⅛	−¼
4463	H Bay Co	$23½	23⅜	23½	
183545	Imasco	$33¼	32¾	33	
27699	Imp Oil A	$76¼	75	75	−1
155169	Inco	$30	29⅝	30	−⅛
31301	Indal	$12	11¾	11⅞	+⅛
1201	Inland Gas	$13¾	13½	13½	−⅛
26351	Innopac	$12	11¾	12	
32739	Inter City	$17¾	17⅝	17⅝	
14300	Intl Thom	$14¾	14⅝	14⅝	−⅛
14365	Intpr Pipe	$51	50⅛	51	+½
1931	Ipsco	$12¼	12¼	12¼	−⅜
1200	Ivaco A f	$16⅛	16	16	
10606	Jannock	$23½	23⅛	23⅛	−⅜
100	Kerr Add	$28¼	28¼	28¼	−¼
5000	Kiena Gld	$19⅝	19½	19½	−⅛
14956	Labatt	$27	26¾	26¾	
750287	LL Lac	$20	18¾	19⅛	+⅛
27500	Lacana	$22¾	22	22	−⅞
15245	Laidlaw A	$21½	21⅜	21½	+⅜
187418	Laidlw B f	$20¾	20¼	20½	+⅜
8821	Leigh Inst	$5⅞	5⅞	5⅞	−⅛
5700	Loblaw Co	$14¾	14⅝	14¾	
1201	Lumonics	$8¾	8¾	8¾	−⅛
6100	MSR Ex	375	370	370	
85850	Melan H X	$23	22¾	23	+¼
1300	Mcln HY f	$21½	21½	21½	
116951	Macmilan	$26⅜	26	26¼	+¼
13100	Magna A f	$22⅝	22⅜	22½	+⅛
16010	Maritime f	$15⅛	15	15⅛	+⅛
300	Mc Intyre	$60	60	60	−1
12010	Minrl Res	420	410	410	−15
24101	Mitel Corp	$5¾	5⅝	5⅝	−⅛
1	Moffat	$15¾	15¾	15¾	
8750	Molson A f	$25	24⅞	24⅞	−⅛
865	Molson B	$25	25	25	
1	Moneco A f	485	485	485	
1000	M Trusco	$16½	16⅜	16⅜	−⅛
167000	Moore	$32¼	31⅝	32	−¼
106044	Nat Bk Can	$13¾	13⅜	13⅜	−⅛
9760	Nr Vg Trco	$22⅜	22¼	22¼	+¼
9500	Nfl CapA f	$9⅞	9⅞	9⅞	−⅛
4791	Nfld LP A	$18⅞	18⅝	18⅝	−⅛
125521	Noranda	$35¼	34⅞	35⅛	+⅛
15627	Norcen	$25	24⅝	24⅝	−⅜
20236	Norcn ord f	$21½	21¼	21½	
19000	NC Oils	$21⅜	21⅛	21⅜	+¼
148869	Nor Tel	$30	29	29	−⅞
44450	Northgat	$9⅞	9¾	9¾	
29050	Nowsco W	$21⅛	21	21	
10658	Nu West	43	41	41	−2
21141	Numac	$12½	12¼	12⅜	−¼
8400	Oakwood	395	380	380	
800	Oakwd A f	200	195	195	−10
200	Ocelot B f	$5⅝	5⅝	5⅝	
103700	Omega Hyd	$8¼	8	8¼	+¼
3680	Oshawa A f	$22¼	22	22¼	+¼
223640	PacW Airl	$25¼	24⅛	24½	+⅛
15800	Pgurin A f	$10¾	10½	10¾	
6000	Pamour	$14⅝	14⅝	14⅝	
200	PanCan P	$30½	30½	30½	−⅜
31220	Pegasus	$30	29¼	29⅜	−¾
701	Pembina	$19½	19½	19½	+⅛
14003	PJewl A f	$13¾	13⅝	13⅝	−¼
825	Pine Point	$13⅛	13	13	
513750	Poco Pet	$18⅛	17½	17⅞	−¼
32850	Powr Cor f	$16½	16¼	16½	
445	Precamb	330	330	330	−5
2749	Provigo	$10⅜	10⅛	10⅛	−¼
17470	Que Sturg	$6½	6¼	6¼	+⅛
239100	Ranger	$7¼	7	7⅛	−⅛
252200	Rayrock f	$11⅞	11¼	11⅞	+⅜
8400	Redpath	$11¼	10⅞	10⅞	−⅛
3900	Regionl R	350	335	340	
1800	Reitman A f	$23	22	23	+1
37407	Renisance	$32	31	31¾	+⅛
26400	Repap f	$18¾	18½	18¾	
8550	Rio Algom	$23½	23¼	23¼	−¼
39100	Rogers B f	$24⅞	24¾	24⅞	+⅛
812	Roman	$14¾	14¾	14¾	+⅛
250	Rothman	$49	49	49	
192161	Royal Bnk	$32⅞	32	32¼	
73550	RyTrco A	$16⅜	15⅞	16⅜	+⅜
117759	Royex	$5⅞	5½	5⅝	
2806	SHL Syst	$30	29¾	29¾	−¼
500	StL CemA f	$15¼	15	15	−¼
53500	Sceptre	$5⅛	5	5⅛	
1400	Scot Paper	$19	18½	18½	−½
10960	Scotts f	$13⅛	12⅝	12⅝	−⅜
1000	Scotts C	$13½	13½	13½	−¼
64805	Seagram	$99⅝	98⅝	98⅝	
356539	Sears Can	$11¾	11⅜	11½	−⅛
51000	Selkirk A f	$25	24½	25	+½
43370	Shell Can	$45¼	44½	45¼	+⅜
2869	Sherritt	$6⅝	6	6⅝	+⅝
8350	Southm	$23⅛	22¾	23	−¼
13701	Spar Aero f	$20¼	19¾	20¼	+½
400	Steinbg A f	$38¼	38¼	38¼	
7558	Stelco A	$25⅜	25	25¼	
12350	Teck B f	$34¾	34½	34½	
12840	Terra Mn	180	175	175	−5
15415	Texaco Can	$36¼	35¾	35¾	−⅛
64485	Thom N A	$31	30⅝	31	
82780	Tor Dm Bk	$31⅞	31¼	31½	−⅜
1100	Tor Sun	$23½	23¼	23½	−¼
4725	Torstar B f	$33¼	33	33¼	+⅛
4800	Total Pet	$25⅜	25⅛	25¼	−⅛
221	Traders A f	$69	68	68	−1
3700	Trns Mt	$16	16	16	−⅛
56356	TrnAlta UA	$28⅜	28	28¼	+¼
107387	TrCan PL	$17¾	17½	17½	−¼
54000	Trilon A	$18⅜	18	18¼	
5111	Trimac	480	460	475	−5
2500	Trizec A f	$32	31⅝	32	+¼
500	Trizec B	$33½	33½	33½	−¼
16820	Ulster P	310	300	300	
1700	Un Carbid	$16¼	16¼	16¼	+¼
5723	U Entprise	$10½	10⅜	10⅜	−⅛
1650	U Canso	109	100	109	
1120	Un Corp	$49	49	49	+1
180	Vestgron	445	445	445	+20
3900	Vulcan Ind	283	278	279	−3
16600	Wcoast T	$17⅛	17	17	
17500	Westmin	$11⅝	11⅜	11⅝	+⅛
28300	Weston	$41¼	41	41¼	+¼
124021	Woodwd A	$7⅜	7	7⅜	+⅜

F−No voting rights or restricted voting rights.

MONTREAL

Closing prices September 30

Sales	Stock	High	Low	Close	Chng
86623	Bank Mont	$31⅜	31⅛	31¼	−⅛
400	BombrdrA	$11⅜	11¼	11¼	−⅛
64430	BombrdrB	$11⅝	11¼	11⅜	
800	CB Pak	$18¾	18⅝	18⅝	−⅜
13738	Cascades	$10	09¾	09¾	−⅛
13025	ConBath	$20¼	20	20	−¼
3125	DomTxtA	$20	19¾	20	+¼
2300	MntTrst	$16½	16¼	16½	
90940	NatBk Cda	$13⅝	13⅜	13½	
156588	Noverco	$12¼	12	12⅛	+⅛
28380	Power Corp	$16½	16¼	16½	+⅛
79046	Provigo	$10½	10⅛	10¼	−⅛
5855	Repap Entr	$18⅝	18½	18½	−¼
4300	RollandA	$13¾	13⅝	13⅝	+⅛
19889	Royal Bank	$32⅞	32	32⅛	−⅞
330	SteinbrgA	$38¼	38¼	38¼	−¼
4525	Videotron	$14⅜	14⅛	14¼	+¼

Total Sales 8,007,529 shares

Indices

NEW YORK-DOW JONES

	Sept 30	Sept 29	Sept 28	Sept 25	Sept 24	Sept 23	1986/87 High	1986/87 Low	Since Compilation High	Since Compilation Low
Industrials	2,584.37*	2,590.57	2,601.50	2,570.17	2,568.42	2,585.67	2722.42 (25/8/87)	1927.31 (2/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Transport	1,044.65*	1,037.14	1,036.09	1,033.18	1,027.79	1,025.16	1101.16 (14/8)	816.38 (2/1)	1101.16 (14/8)	12.32 (8/7/32)
Utilities	197.31*	198.83	197.43	195.23	198.18	197.25	227.83 (22/1/87)	191.38 (28/5)	227.83 (8/4/87)	10.5 (8/4/32)
Trading vol	—	173.530m	188.070m	137.95m	162.150m	220.280m	—	—	—	—

	Sept 25	Sept 18	Sept 11	Year Ago (Approx)
Ind Div Yield %	2.68	2.73	2.63	3.87

STANDARD AND POORS

	Sept 30	Sept 29	Sept 28	Sept 25	Sept 24	Sept 23	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Industrials	374.85*	375.83	377.84	373.89	373.78	375.29	393.17 (25/8)	274.58 (2/1/87)	393.17 (25/8)	3.62 (21/6/32)
Composite	321.13*	321.69	323.20	320.16	319.72	321.19	336.77 (25/8)	246.45 (2/1/87)	336.77 (25/8)	4.40 (1/6/32)

	Sept 23	Sept 16	Sept 9	Year Ago (Approx)
Ind div yield %	2.32	2.36	2.36	3.09
Ind. P/E Ratio	23.17	22.71	22.64	18.09
Long Gov Bond Yield	9.78	9.65	9.61	8.81

N.Y.S.E. ALL COMMON

Sept 30	Sept 29	Sept 28	Sept 25	1987 High	1987 Low
178.83*	180.06	180.74	178.14	187.99 (25/8)	141.81 (21/1)

RISES AND FALLS

	Sept 29	Sept 28	Sept 25
Issues traded	1,978	1,971	1,931
Rises	621	986	678
Falls	933	590	775
Unchanged	425	395	480

TORONTO

	Sept 30	Sept 29	Sept 28	Sept 25	1987 High	1987 Low
Metals & Minls	3,372.8*	3,371.7	3,383.4	3,417.8	3,483.6 (4/8/87)	1,888.2 (2/1/86)
Composite	3,984.8*	3,980.7	3,928.8	3,938.6	4,112.9 (13/8)	3,887.8 (2/1/86)
MONTREAL Portfolio	1,935.97*	1,941.88	1,949.28	1,958.18	2,224.77 (16/7/87)	1,534.3 (2/1/85)

* Indicates pre-close figure

	Sep. 30	Sep. 29	Sep. 28	Sep. 25	1987 High	1987 Low
AUSTRALIA						
All Ord (1/1/80)	2247.6	2263.0	2274.6	2282.7	2305.9 (21/9)	1486.7 (2/2)
Metals & Minerals (1/1/80)	1400.9	1420.0	1429.7	1443.2	1462.4 (21/9)	729.1 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	227.84	227.51	226.87	225.83	232.19 (22/9)	182.21 (19/6)
BELGIUM						
Brussels SE (1/1/84)	5128.56	5140.42	5142.46	5146.45	5415.20 (13/8)	3987.86 (9/1)
DENMARK						
Copenhagen SE (3/1/83)	(u)	206.68	206.79	206.48	219.76 (27/8)	189.64 (6/1)
FINLAND						
Unitas General (1975)	646.5	646.8	642.6	644.1	650.6 (21/9)	425.2 (5/1)
FRANCE						
CAC General (31/12/82)	410.4	416.7	417.6	419.0	460.4 (26/3)	392.0 (2/1)
Ind Tendance (31/12/86)	105.6	107.8	108.4	108.8	117.2 (26/3)	97.8 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	639.60	642.89	636.38	637.34	676.84 (6/1)	538.32 (19/3)
Commerzbank (1/12/53)	1964.2	1976.3	1954.1	1959.2	2061.10 (17/8)	1633.8 (19/3)
HONG KONG						
Hang Seng Bank (31/7/64)	3943.64	3859.48	3884.65	3840.11	3943.64 (30/9)	2449.88 (20/1)
ITALY						
Banca Com. Ital (1972)	640.64	639.24	640.47	635.71	767.34 (30/4)	588.83 (15/9)
JAPAN**						
Nikkei (16/5/49)	26010.9	25998.0	25837.3	25095.8	26118.42 (1/9)	18544.0 (13/1)
Tokyo SE New (4/1/68)	2136.61	2139.15	2140.14	2062.10	2258.56 (11/6)	1557.46 (13/1)
NETHERLANDS						
ANP CBS Gen (1970)	311.2	(u)	311.5	308.3	334.10 (14/8)	257.7 (28/1)
ANP CBS Indust. (1970)	259.2	(u)	259.0	257.2	280.80 (11/8)	243.7 (28/1)
NORWAY						
Oslo SE (4/1/83)	(u)	562.28	555.80	569.35	592.04 (21/9)	361.98 (2/1)
SINGAPORE						
Straits Times (30/12/66)	1398.28	1411.51	1406.99	1381.67	1505.40 (26/8)	899.08 (2/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	(u)	2270.0	2310.0	2321.0	2499.0 (3/8)	1786.0 (19/3)
JSE Indust (28/9/78)	(u)	2239.0	2239.0	2241.0	2241.0 (25/9)	1423.0 (2/1)
SPAIN						
Madrid SE (30/12/85)	311.24	310.24	309.59	309.82	321.26 (17/9)	202.89 (8/5)
SWEDEN						
Jacobson & P. (31/12/56)	3111.00	3054.20	(u)	3085.9	3134.30 (14/9)	2111.39 (28/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	718.4	720.6	716.1	709.4	720.6 (29/9)	559.7 (25/2)
WORLD						
M.S.Capital Intl. (1/1/70)	(u)	486.5	490.5	481.5	495.90 (27/8)	361.3 (2/1)

**Saturday September 26: Japan Nikkei 25,512.8. TSE 2114.10

Base values of all indices are 100 except Brussels SE—1,000 JSE Gold—255.7 JSE Industrials—264.3 and Australia. All Ordinary and Metals—500; NYSE All Common—50; Standard and Poor's—10; and Toronto Composite and Metals—1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
ARCO Chem	5,628,800	35⅞	—
S. Calif. Edison	4,458,600	31½xd	−⅞
Salomon	2,804,200	36⅞	+2⅛
IBM	2,625,400	150½	−2¼
Pacific Telesis	2,453,400	32¼xd	−¼
Bankers Trust	2,426,200	45⅝	−1
I.C. Indust.	2,323,200	39⅝	−1⅝
AT&T	2,243,700	34⅜	−⅛
Amer. Express	1,956,500	35⅝	+⅞
Santa Fe	1,543,800	58⅞	+1⅛

LONDON — Most Active Stocks

Wednesday, September 30, 1987

	Stocks Traded	Closing Price	Change on Day
Storehouse	24.9m	404	− 3
T'hse Forte	16.1m	271	+21
Tesco	14.8m	196	+ 3
Asda-MFI	13.0m	202½	− ½
Rolls Royce	11.8m	205½	− 3½
Gen Elect	10.8m	226	+ 4
Brit Telecom	9.6m	263	+ 1½
Racal	7.4m	338	+ 8½
Hanson Tr.	7.1m	182½	− ½
Brit Gas	5.8m	173	− 1

TOKYO — Most Active Stocks

Wednesday, September 30, 1987

	Stocks Traded	Closing Prices	Change on Day
Nippon Steel	178.83m	434	+ 9
Showa Denko	55.68m	787	+ 35
Sumitomo Metal	55.28m	336	+ 3
Toshiba	54.25m	817	+ 2
Hitachi Ltd	48.68m	1,540	− 10
Kawasaki Steel	44.35m	339	+ 6
NEC	35.77m	2,430	+ 30
Nippon Kokan	34.72m	356	+ 3
Mitsubishi Heavy Ind.	25.65m	673	− 2
Matsushita Elec	23.62m	703	− 2

LONDON Chief price changes (in pence unless otherwise indicated)

RISES:		
Abingworth	324	+12
Adwest	327	+ 9
Brown (M.)	780	+65
Clyde Pet.	150½	+ 7
Cussins Prop.	433	+ 8
Eng. China Clays	586	+15
Geers Gross	79	+ 8
Henderson Gr	358	+39
Ibstock John.	231	+15
Magnet Gr.	265	+ 8
Racal Elec.	338	+ 8½
Reed Intl.	594	+13
Richards (Leic.)	375	+15
Shandwick	785	+37
Silkolene	350	+15
Sovereign Oil	136	+10
T'hse Forte	271	+21
Vaux	589	+22
Willis Faber	410	+30
FALLS:		
Ashley (L.)	188	− 6
Atlant. Comps	700	−29
Gent (S.R.)	100	− 8
Local Lndon	800	−45
UTC	355	− 8

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 43

Stock	Sales (Hnds)	High	Low	Last	Chng
OwenMn.36 15	79	20½	19⅞	20½	+ ½
P Q					
PACE	1138	6⅞	6⅝	6⅞	+ ⅛
PCS 58	9	34¾	34¼	34⅝	− ⅛
PNC 1.68 13	3719	46⅞	46⅛	46⅛	− ⅝
Pacar 1.60a 16	279	75¾	75	75¾	+ ½
PacFst .20e 4	1751	20	19⅛	19⅝	+ ¼
Pantera 29	903	10⅛	9⅞	9⅞	− ¼
Pansph 27	254	30¾	30⅜	30⅝	+ ⅛
PaulHrs 18	100	13¾	13½	13¾	
Paychx 46	193	29¼	28¾	29¼	+ ½
Payco 26	77	10¼	d 9¼	10	+ ¼
PegGld 64	1008	22⅞	22¼	22⅜	− ⅜
Ponbcs .88 14	51	31	30¼	31	
Pentair .69 18	360	27¾	27⅜	27¾	+ ¼
Penwts 16	86	23	22¼	23	+ ½
PeoBnC 1 43	127	68¼	68	68	
PeopHrt.20a	156	17¼	16⅞	16⅞	− ½
PSBMas .68	16	16¼	15¾	16	− ¼
PocWst 12	83	28½	28¼	28½	+ ¼
PercTc 15	43	8	7⅛	8	+ ⅛
PerpSa 8	385	11⅞	11½	11½	− ¼
Petrite 1.12 26	40	35¼	35¼	35¼	
Phrmct	993	3¾	3⅝	3 11-16	− 1-16
Phrmct 15e 37	327	29⅞	28¾	28⅞	− ⅝
PhnxRe 10	124	10¼	10	10	− ¾
PicSave 19	1770	20⅝	20¼	20⅝	− ¼
PicCafe .48 18	223	17½	17	17½	+ ¼
PionHi 1.04 20	453	36¾	36½	36½	
PlyFvo	97	10¾	10½	10½	− ¼
PlcyMg 27	1490	26¼	25¾	26	+ ¼
Porsssa	111	5¾	5⅝	5½	
PoughSv 10e 8	1729	17⅞	17¼	17¼	− ⅛
PrecCst .08 23	331	39	38½	39	+ ½
PresLis .08 24	82	18¼	17¾	17¾	− ½
PrsmCp .50 24	279	15¾	d15¼	15½	
Priam	932	2¾	2⅝	2¾	+ ⅛
PriceCo 22	1348	46¾	45¾	46¼	− ¾
PrcoTR 17	349	34½	33¼	33¼	−1
PrmvD 16b 92	19	11	11	11	− ⅛
ProsGp	863	10⅛	9⅞	9⅞	
ProtLife .70 11	136	16⅝	16⅜	16⅝	+ ¼
ProLfe .64 6	16	22⅞	22⅛	22⅞	
PgSdBc .80 10	90	24¼	24	24	
PulitzPb .40 37	400	45	44½	45	+ ½
PuriBs .11 21	235	25½	24⅛	25⅛	+ ⅝
PymnT	168	10½	9	10	+ ¾
QMeds 28	4948	7½	d 5⅞	6¾	+ ⅞
QVC	240	10	9⅞	9⅞	
Quadrx	413	9¾	9½	9⅝	+ ⅛
Quantm 56	738	17	15¼	16¾	+1
Quiksilv 23	184	15⅛	15⅛	15½	+ ⅜
Quixte	299	11⅝	11⅝	11⅝	
R R					
RPM .72 21	321	24¼	23¾	24¼	+ ½
RadSys.05e 20	606	11⅛	10¾	11⅛	+ ⅜
Raeves 28	150	12½	12¼	12⅜	− ⅛
RgcyEl .22 56	539	6⅞	6⅛	6⅛	− ⅛
Reginas 26	333	20¼	19¾	20¼	+ ½
RegBc 8	283	16½	16⅛	16¼	− ⅛
Reslgn	190	15¾	15	15½	+ ¼
RepAm 25e 14	465	17⅜	17⅛	17¼	+ ⅛
Reutrl .36e	595	89⅛	88¾	89	
Rexon 15	1720	8⅛	7⅞	8	+ ⅜
ReyRy .76 15	2383	31¾	30	30½	− 2⅜
RhonPl	110	37⅛	37	37⅛	
Ribilm	132	8½	8¼	8¼	
RchmHt.05e	148	16⅞	16⅝	16⅝	− ¼
RiggsNt1.10 31	64	28¾	28¼	28¾	+ ¼
RoadSv1.10 24	3026	38¾	38	38½	+ ¼
RochCS.06e	746	12⅝	11⅞	12¼	− ⅜
RgrCbA	205	18½	18⅛	18½	
RavltFd	1660	12	11⅝	12	+ ¼
RoseSs.16a 11	45	13	12¾	13	+ ⅛
Rosptch.15j	310	22¼	21½	22	+ ¼
RossStr	2144	8¼	7⅝	8	
Rouses 80	1745	25¾	25½	25½	
RyanFa 43	7599	12	11⅜	12	+ ⅛
S S					
SCI Sys 28	1525	21⅝	21⅜	21⅝	+ ⅛
SCORU 14	109	12½	12	12	−1
SEIs	81	16¼	15¾	16¼	− ½
SHL Sys	526	23¼	22¾	22⅝	− ½
SKFAB1.47e 5	61	61	61	61	− ¼
SPIPh .07	251	18	16¾	18	+ ¾
Satchls .871	3468	27⅞	27	27¾	+ ¾
Salecds .24 13	11040	12	10⅝	11⅞	+ ¾
Safecos .96 9	2773	33⅝	32¾	33¾	+1
SageSit 22	17	10¾	10½	10¾	
StJude 18	1694	25⅞	25	25¾	
StPauls1.76 10	775	53	52½	52¾	+ ¼
SalCpt 9	235	8⅛	7⅞	8⅛	+ ⅜
Sallck 25	536	14⅛	13½	14	+ ¼
SFFdl	256	19⅝	19⅜	19⅜	− ¼
Sanfrds 19	321	u31¼	30½	31¼	+ ⅞
ScanTr 18	241	13	12¾	13	+ ¼
Scherer .36 18	59	15⅞	15⅝	15⅞	− ⅛
SchlAs .40 21	88	42½	41½	42½	+ ½
Scirods 79	479	14¼	13¾	14¼	
SciMic 26	568	8⅛	8	8⅛	
ScotCb	329	25¾	25	25¾	+ ¼
Seagate 8	15068	19	18⅛	18⅜	− ½
SeamF 25	610	24½	23¾	24	
SEEQs	166	9½	9¼	9½	+ ⅛
Selctins1.08 8	244	25	24½	25	
Sensor .05 24	1686	12	11⅝	11¾	
SvcMer .08	1466	7⅝	7⅜	7⅝	
SvOak .15 16	118	13	12¾	13	+ ⅜
ShrMed .72 13	633	26⅜	26	26⅛	− ⅝
Shwmt 2.04 23	265	47⅞	46⅞	47	+ ⅝
Shields 14	1168	6½	6	6¼	− ⅛
Shoney .16 32	1117	28⅝	28⅜	28⅜	− ¼
Shorwd 22	490	u29½	28¼	28½	+ 1½
SigmAl .28 31	376	47¾	46¾	47	− ¾
SigmDs 20	243	18¼	17¾	18	
SilcnGr 47	1484	21¼	19¾	21⅛	+ ¾
SiliconS 30	1106	14¼	13¾	14⅛	+ ⅛
Silicnx 30	54	10¾	10½	10⅝	+ ⅛
SilvLis	40	4	3⅞	3⅞	+ ⅛
SlvStMn 55	938	2 3-16	2 1-16	2⅛	− 1-16
SimAir 9	1014	10⅛	9⅞	10	− ⅛
Sizler 24	343	19¾	19	19½	+ ½
SmithFs 13	129	21	20¼	21	+ ¾
Socieys1.20 10	444	38	37⅛	37½	− ½
SocnySv .36 8	98	21⅜	21	21¼	
SoftwA 18	59	12¾	12¼	12⅝	+ ⅛
SftwPb 15	140	9¾	9½	9¾	+ ¼
SomrSv	97	11½	11¼	11½	− ⅛
SonocPs.44 20	321	28½	27½	27½	− ½
SCarNt .56 12	261	26¼	25⅞	25⅞	− ⅛
Sounet 771	528	23⅛	21½	23⅛	+ 1⅝
SthdFo	898	4¾	4½	4¾	
Sourcl .80 9	74	22	21¾	21¾	− ⅛
Sovran 1.44 10	403	38	37⅞	37⅞	
Specdy 61	1174	44⅝	44⅛	44¼	− ⅛
StdMic	432	12⅝	12⅛	12⅛	− ⅛
StdRegs .44 22	88	25¾	25¼	25¾	
StrptSv1.43t	122	18	17½	17¾	− ¼
Stars	127	8¼	5¾	8¼	
StaStBs .44 14	268	30½	29⅞	30⅛	− ⅜
Stwind .76 8	131	18½	18¼	18½	
Stratus 44	2201	33½	32½	32¾	+ ¼
StrwbCl .93 15	47	45	44½	45	
Strykrs 33	90	25	24½	25	+ ¼
StudLvl	27	72½	72	72½	+ 1⅝
Subaru .38 79	864	11	10⅞	11	+ ⅛
SuffFin .20 18	136	14	13½	13½	
SumitB.72b 18	268	30¾	30	30½	+ ¼
SunGrd 25	424	17½	17¼	17¼	
SunMic 33	6631	36⅝	35⅝	36¼	+ ½
Sumwsts 1a 10	40	32½	31½	32½	+ ¾
SymbT 50	859	40¾	40¼	40¼	− ¼
Symbllc	2207	3⅞	3⅝	3 11-16	− 1-16
Systin 11	1215	11⅝	11¼	11¼	− ⅜
Systntg 15	96	8	7¾	8	
SySoftw	159	20⅛	19¾	20	+ ¼
Systmt .12 28	60	27¾	27¼	27¼	− ½
T T					
TBCs 47	151	13¼	13	13¼	
TCA .24 64	145	26¼	25½	25¾	+ ¼
TCBY 27	2249	12¾	12¼	12¼	− ¼
TCF 22	237	11⅛	11⅛	11⅛	− ⅛
TMK .20e 12	289	10⅝	10⅜	10⅝	+ ¼
TPI En	525	4¾	4⅝	4⅝	
TS Inds 157	772	u34½	33	34½	+ 1½
TSO 9	130	10¼	9½	10¼	+ ½
Talman	25	10¾	10½	10¾	+ ¼
Tandon 3	908	3½	3⅜	3⅜	
Taunton.18e 8	50	12½	12	12½	
TchDtas 21	1225	13¾	13⅜	13½	
Tekwd 170	195	12⅛	11⅞	11⅞	− ⅛
TlcmAs 48	8756	26⅝	25¾	26⅛	− ⅜
TlCrnwt	1053	58⅝	58⅜	58⅜	− ⅛
Telcrds .24 49	173	49¼	49	49¼	
Telmatc 51	2585	12⅜	11¾	12¼	+ ¼
Telabs 22	271	14⅞	14⅝	14¾	+ ¼
Telxon .01e 23	1322	22½	21¾	22	− ¼
Tennant .96 18	22	31	30½	30⅞	+ ⅜
3Com 29	3766	21⅝	20⅝	21	+ ½
ToluoFs.19t 80	5716	71¾	70⅝	70¾	− 2¼
TWApf	21	31⅜	31¼	31⅜	− ⅞
TrnMus 32	82	28¾	28¼	28½	− ¼
Trnwck 17	1050	13½	12¾	13½	+ ¾
TriStar 27	1036	15	14⅞	15	
TriadSy 24	838	13⅝	13⅛	13⅝	+ ⅛
Trimed t	220	16¼	15⅝	16⅛	− ⅜
TrusJos 14	122	21	20¼	21	+ ¼
Tsrtcp 1.28 12	171	31½	31	31½	
20Cnm .32 17	253	28¼	27⅞	27⅞	− ½
TycoTy 11	1106	14¾	14¼	14⅝	
Tysons 22	1336	21⅝	21¼	21½	
U U					
UTL 20	783	14⅛	13¾	13⅞	+ ⅛
Ungmn 31	5126	9⅞	9⅝	9¾	+ ¼
Unifi 23	383	19⅝	19¼	19⅝	
UnPlntr.30e 15	29	33½	33	33½	+ ½
UnWarn 25	755	48⅞	47¾	48¾	+ 1¼
UACm .04 232	435	27⅞	27¾	27⅞	+ ⅛
UBCol .54 39	134	24	23¾	23⅞	+ ⅛
UnCosF .56 7	10	19¼	19¼	19¼	+ ¼
UHltCr 17	1265	6	5⅞	6	+ ⅛
UtdSvrs .72 6	200	21	20¼	20½	− ¼
USBcp .80 10	1059	27	26½	26½	− ½
US HltC .16 11	2104	8⅛	8	8	
US Sur .40 21	261	28½	26¾	26¾	− ¾
US Trs 1 14	118	44	43¾	44	
UStatn .28 21	108	20¼	19¾	19¾	−1
UnvFra.03e 16	108	18¼	17½	18	+ ½
UnvHlt.33e 19	414	8⅛	7⅝	7⅞	− ⅛
V V					
VBand 32	115	39	38½	39	
VLI	3089	5¾	5¼	5⅝	+ ⅜
VLSI 131	755	15⅞	15⅜	15¾	+ ¼
VM Sfts	[illegible]				
VWR .80	[illegible]				
ValidLg	[illegible]				
ValFSs	[illegible]				
ValNtl 1.44	[illegible]				
Vicorp	[illegible]				
ViewMs	[illegible]				
Viking	[illegible]				
Vipont	[illegible]				
Viratek	[illegible]				
Volvo 1.24e	[illegible]				
W W					
WD 40 1.32a	[illegible]				
Walbro .40	[illegible]				
WalSv .22e	[illegible]				
Warren	[illegible]				
WashEs1.28	[illegible]				
WFSLs .80	[illegible]				
WMSBs .40	[illegible]				
WatrlGL.44e	[illegible]				
Wattsind.08e	[illegible]				
WausP .48	[illegible]				
WbstFn.05e	[illegible]				
Weibits	[illegible]				
Wescp	[illegible]				
WstAut	[illegible]				
WstCap	[illegible]				
WstFSL.10e	[illegible]				
WnWste	[illegible]				
WstnPb	[illegible]				
WTIA	[illegible]				
Wstmrk	[illegible]				
WmorC .80	[illegible]				
WstwOs	[illegible]				
Wetra1.04b	[illegible]				
WillyJA 1.10	[illegible]				
Willamt1.08	[illegible]				
WillAL	[illegible]				
WilSFS.05e	[illegible]				
WilmTs .84	[illegible]				
WilsnF	[illegible]				
Windmr	[illegible]				
WiserO .40	[illegible]				
Woburn .20	[illegible]				
WCYS .15e	[illegible]				
WOW	[illegible]				
Worthgs .40	[illegible]				
Wyman .80	[illegible]				
Wyse	[illegible]				
X Y Z					
XL Dis	[illegible]				
XOMA	[illegible]				
Xicor	[illegible]				
Xidex	[illegible]				
Xylogic	[illegible]				
Xyvsn	[illegible]				
YlowFs .82	[illegible]				
ZionUt 1.44	[illegible]				
Zondvn	[illegible]				

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock		Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
38½	21	AAR	s	.50	1.4	23	463	37⅞	36	36¼	−1⅜
52	23¾	ADT		.92	1.8	29	27	51¾	51¾	51¾	
31⅞	16¾	AFG	s	.16	.5	11	1926	u32¼	31¼	32⅛	+⅜
25⅝	8⅞	AGS	s			22	470	24⅝	23¼	23½	−1⅛
10½	6¾	AMCA					15	9⅝	9⅝	9⅝	+¼
9⅜	4⅞	AM	Intl			63	560	7	6⅞	6⅞	
65½	50½	AMR				12	2506	55⅞	54½	55¾	+1
25	22¼	ANR	pf	2.12	9.5		14	22⅜	22¼	22¼	−⅛
12¼	8¼	ARX	s			11	112	10½	10⅜	10½	+⅛
73½	34⅝	ASA		2a	3.3		969	62¼	59⅝	60	−2⅝
21⅝	9¾	AVX				41	392	20¾	19¾	20⅝	
67	41⅛	AbtLab		1	1.7	23	7498	59½	57⅞	59	−¾
28	23¼	AbitibI	g				66	24⅞	24½	24⅞	+¼
16¾	9¾	AcmeC		.40	2.7	15	150	14⅝	14	14⅝	+¾
10½	6⅛	AcmeE		.32b	3.5	57	33	9⅜	9⅛	9⅛	+⅛
23⅞	19	AdaEx		3.42e	16.		84	22	21⅞	22	
19½	10	AdmMl	s	.24	1.9	10	653	14½	12⅛	12⅝	−1¼
28⅞	12⅛	AdvSys		.62t	2.3	17	276	26½	26⅛	26½	+½
24½	12⅞	AMD					3741	22⅛	21⅞	22	−⅜
56⅝	47	AMD	pf	3	5.6		21	53⅜	53¼	53¼	−¼
11⅞	5¼	Adobe					347	9¾	8⅞	9¾	+⅞
20½	14¾	Adob	pf	1.84	9.7		6	19¼	19	19	−⅜
21⅞	17	Adob	pf	2.40	12.		27	20⅜	20½	20½	
15	10⅜	Advest		.12a	1.0	9	177	12⅛	11½	12⅛	+½
68¼	53	AetnLf		2.76	4.6	9	7504	61⅜	60⅜	60⅝	+⅜

Continued on Page 43

NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
41⅛	25	PenkEl	.60	1.7		1223	35⅝	34¾	34¾	−⅝
8⅛	5½	Prmian	.43e	6.5	11	184	6⅞	6¾	6⅞	
10¼	8⅝	PrLP	pr1.15	12.		207	9⅜	9⅛	9¼	
15¾	9⅝	PeryDr	.22	2.2		76	10⅛	9⅞	10⅛	+¼
40	25⅝	Petrie	.70	2.0	23	786	35¾	34⅝	35¾	+¾
21¼	17⅞	PtPar	n 2	9.8		208	20½	20	20½	+½
33½	28⅜	PetRs	2.57e	8.7		34	29⅝	29½	29⅝	+⅛
20	15⅝	PetRs	pf1.57	9.5		35	16½	16⅛	16½	+⅛
2⅛	1	Ptrlnv	.12e	7.4		16	1¾	1⅝	1⅝	
77	38¼	Pfizer	1.60	2.6	17	4260	69⅝	68½	68½	−⅛
54	17⅞	PhelpD			35	7421	53⅞	52½	52⅝	−¼
77⅞	61	PhlpD	pf 3	4.3		652	71⅝	69⅞	69⅞	−⅜
25	18½	PhilaEl	2.20	11.	8	4519	20⅜	20⅛	20¼	−⅛
45½	36	PhE	pfA3.80	8.4		z370	45	43½	45	
46⅝	39¼	PhE	pfB4.30	10.		z350	42	42	42	+1⅞
97⅞	78¾	PhE	pfG8.75	11.		z30	80	80	80	+1
106	89½	PhE	pfS9.50	11.		z10	89½	89½	89½	
13⅞	12⅛	PhE	pfR1.41	12.		84	12¼	12⅛	12⅛	
13¼	11⅛	PhE	pfP1.33	12.		20	11⅝	11½	11½	
85⅝	70	PhE	pfH7.85	11.		z380	70	d69	69	−2
12⅞	11	PhE	pfO1.28	11.		85	11½	11⅛	11½	+¼
120½	110	PhE	pfM15.25	14.		z810	112½	112	112½	
105	91	PhE	pfL9.52	10.		z500	93½	93½	93½	+½
19¼	13⅝	PhilSub	.94	6.6	13	80	14⅜	14	14¼	−⅛
124½	64½	PhilMr	3	2.5	17	7041	118⅝	117⅜	118⅞	+⅞
23⅞	13⅝	PhilpIn	.44	2.2	15	1611	20¾	19¾	20	−½
27⅝	18⅝	PhilGl	.80e	3.2	12	586	25	24⅞	24⅞	−⅛
18⅜	8⅝	PhilPet	.60	3.7	45	4901	16¾	16¼	16¼	−⅜
24¼	22	PhlPt	pf1.73	7.0		107	24¾	24⅝	24¾	
[illegible]										

12 Month High	Low	Stock	Div.	Yld.	P/ E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
26½	18¾	ZenNt	.80	3.7	13	89	21⅞	21½	21⅞	+⅜
20⅝	12⅜	Zero	.36	1.8	20	93	19¾	19⅝	19⅝	+⅛
30¾	17½	Zurmin s	.68	2.6	17	278	26⅛	25½	25¾	−⅛
10½	8¾	Zweig	.65e	6.2		689	10½	10¼	10½	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. *Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only.* Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/ E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 41

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Dow drifts amid worries over interest rates

WALL STREET

TAKING their cue from a nervous bond market, Wall Street stock prices ended little changed in a choppy session yesterday, *writes Roderick Oram in New York*.

The fear of higher interest rates world wide kept investors out of the bond market leaving prices to drift for most of the day in quiet trading.

The Dow Jones industrial average closed up 5.71 points at 2,596.28 after trading through the session in a range some 10 points either side of the previous day's close.

Broader market indices followed suit with the Standard & Poor's 500 edging up 0.14 to 321.84 and the New York Stock Exchange composite index rising 0.18 to 180.24.

NYSE volume was 183.3m shares although concerns about rising interest rates left some investors on the sidelines.

Among the blue chips, General Motors was unchanged at $83, AT&T slipped $⅜ to $33¾, General Electric added $¼ to $61½, American Express edged up $¼ to $35⅝, Du Pont rose $1 to $119⅛ and Merck added $⅞ to $206⅞.

Santa Fe Southern, up $4⅛ to $63⅞, was the most active NYSE stock with some 3.6m shares traded. Some investors feel that Olympia and York, the Toronto-based real estate and natural resources group, might use its recently acquired 6.18 per cent stake in the railroad and natural resources group to launch a takeover bid.

Computer stocks continued to be dragged down by the poor performance recently of IBM although it edged up $¼ yesterday to $150⅞. Unisys gave up $⅛ to $44⅝, Digital Equipment lost $2¼ to $189¾ and Cray Research fell $⅝ to $92⅞. COMPAQ gained $4⅜ to $71⅛ after E. F. Hutton raised its earnings estimates for this year and next.

Stocks of securities houses continued to hold investors interest. Bear Stearns, up $¼ to $20, announced it was selling a 20 per cent stake in itself for $23 a share to a unit of Jardine Fleming of Hong Kong.

Salomon Inc. slipped $½ to $36⅝ after rising sharply earlier in the week when Mr Warren Buffett, a noted investor, became its largest shareholder and Mr Ronald Perelman, a leading corporate raider, said he would buy shares in Salomon.

Among other brokerage houses, Morgan Stanley rose $1 to $80⅞, Merrill Lynch added $⅛ to 38⅛, First Boston gained $1 to $45, and E. F. Hotton gave up $¼ to $37¼. Shearson Lehman, up $1⅛ to $27⅞, said it expected to realise a $46m pre-tax profit on its sale of a 30 per cent stake in McLeod Young Weir, a Toronto investment dealer.

Kaufman and Broad dipped $¼ to $15⅝. The house construction and insurance group reported third-quarter net profits of 8 cents a share against 29 cents a year earlier.

Credit markets languished in the wake of their poor performance on Tuesday. The price of the benchmark 8.75 per cent Treasury long bond slipped about ⁵⁄₃₂ of a point from the New York opening before recovering in late morning. By the end of the session it was up ¹³⁄₃₂ of a point at 91¹⁴⁄₃₂ yielding 9.78 per cent.

Many believe rates will head higher because the dolar's relatively strong showing in the last few days is only temporary, tied largely to short covering.

In addition, some investors believe the current high level of the Fed funds rate at which banks lend reserves to each other indicates a somewhat tighter policy by the Fed. But the rate, which opened yesterday at 8 per cent, is high for technical rather than policy reasons, analysts believe. It should settle back to the 7¼ per cent level next week once end-of-quarter pressures on reserves are over.

A third factor overhanging the market is the heavy schedule of Treasury auctions this week and next. The $9.26bn of one-year bills auctioned yesterday attracted an average rate of 7.32 per cent, up from 6.74 per cent at the previous auction on September 1.

On the economic front, credit markets were unmoved by the 0.6 per cent increase in August in the US leading economic indicators, close to forecasts, released yesterday.

CANADA

BUOYANT golds countervailed softness among energy issues to lift Toronto share prices modestly higher in busy trading.

Placer Dome and Lac Minerals led golds upwards, adding C$¼ and C$½ respectively to C$26⅜ and C$19½. Echo Bay rose C$⅛ to C$37⅞.

Mining stocks were varied, Alcan Aluminium adding C$⅝ to C$47½, but Inco losing C$⅛ to C$29⅞. Banks were steady to slightly lower.

SOUTH AFRICA

THE STEADIER bullion price helped Johannesburg gold shares to hold their ground in quiet month-end trading.

Rising goldminers included Southvaal, which added a further R2 to R206, and Leslie, up 65 cents to R8.85. Bellwether Vaal Reefs, though, slipped R1 to R451. Mining financials followed the mixed trend, with Gencor, 50 cents up at R75.75, continuing its good run, but Anglo American off 25 cents at R87.75.

De Beers and Vansa Vanadium fell 25 cents each to R52.50 and R10, respectively, among other minings.

Industrials firmed, with the sector index closing at a fresh high of 2,25, up 16.

BP to float stake in gold group

BY JAMES BUCHAN IN NEW YORK

BRITISH PETROLEUM, the UK oil company which is raising £7.5bn ($12.15bn) in a share issue this month, announced yesterday that it would also float a 10 per cent stake in its new US gold mining subsidiary as part of the reorganisation of its North American operations.

The move, which surprised financial analysts on both sides of the Atlantic, appears designed to establish a value for BP's little-known gold assets to smooth the way for the gigantic stock issue this month. Gold stocks are highly valued on Wall Street, and analysts said yesterday that the issue could value the whole of BP Gold at more than $1bn.

BP, which in June finally gained 100 per cent control of its US subsidiary, Standard Oil of Ohio, said yesterday that it had filed with the US Securities & Exchange Commission for the issue of 7.5m shares in a new subsidiary, BP Gold.

Half of the shares will be underwritten in North America by a group led by Salomon Bros, with N.M. Rothschild of the UK leading an international underwriting of the remainder.

The new subsidiary, which is expected to produce 320,000 ounces of gold next year, has been formed by combining BP's US gold interests with those of Standard. Its prime assets consist of the gold deposits associated with Standard's Bingham Canyon copper mine in Utah, which is undergoing a $400m modernisation.

In addition, BP Gold will own rights to three smaller US gold producing properties, three US development properties and Standard's rights to gold properties in Papua New Guinea, including a large and "exciting" gold deposit on Lihir Island.

Analysts said that the Utah property, responsible for most of current production, is dependent on high copper prices and would be worth much less than the present stock market value of about $3,000 per annual production ounce, but the Papua New Guinea prospect could be the "most exciting gold prospect outside South Africa for years," according to Mr Ron Shorr of Bear Stearns.

EUROPE

Frankfurt falls as dollar downturn subdues buying

A DOWNTURN on Wall Street and the softer dollar subdued most bourses in Europe yesterday. Trading was quiet and lackIustre as buyers and foreign investors waited for fresh leads.

Frankfurt picked up from earlier lows to close easier in quiet trading as investors stayed on the sidelines after a lower overnight close on Wall Street and because of the softer dollar. The Commerzbank index slipped 12.1 to 1,964.2.

Among weaker banking stocks, Deutsche Bank shed DM4.20 to DM689.50, Dresdner was steady at DM360 and Commerzbank slipped DM2 to DM301.

Interest in the Continental tyre group was boosted by the issue of 1.2m new shares at DM320. The price for old shares rose DM5.20 to DM333.20.

In cars, VW shed DM3.50 to DM379.50, Daimler lost DM6 to DM1,066, BMW fell DM2 to DM735 and Porsche slumped DM33 to DM965 on news that the company expects business in the US to decline during 1987/88.

Public authority bonds were lifted by short-covering and retail demand and closed higher after a moderately active bourse. The Bundesbank sold DM32.3m of paper after buying DM53.2m on Tuesday.

Amsterdam traded quietly lower as the easier dollar and a weak Wall Street opening curtailed buying. The ANP-CNS index shed 2 to 311.2.

International issues slipped with Royal Dutch off Fl 1 at Fl 267.50, Akzo down Fl 1.10 at Fl 175.90 and Unilever unchanged at Fl 139.30.

Banks were down after rises the previous day, but insurers held steady.

Shipping firm Van Ommeren was not traded after making a bid for Ceteco trading company.

Zurich succumbed to profit-taking after strong advances on Tuesday. A weaker Wall Street caused nerves among foreign investors but institutional buying helped shore up prices.

The Crédit Suisse index shed 1.5 to 622.6 in moderate trade.

London

UK EQUITIES got off to a slow start following Wall Street's weakness overnight but prices were steady until a brief flurry of blue chip selling, prompted by the expiration of the September FT-SE 100 contract, tripped the market lower. Prices then steadied while London waited for Wall Street to open, closing a shade easier on the day in sluggish trade.

The FT-SE 100 index ended a net 2.3 down at 2366.0, with the FT Ordinary Index 3.9 down at 1853.7.

A speech by Mr Nigel Lawson, the UK Chancellor of the Exchequer, was well received in the gilt-edged sector. Bonds recovered early falls of ½ point or so to end a net ⅛ up on the day. *Details, Page 40.*

Banks were lower but recovered some ground in late trade.

Among chemicals, Ciba-Geigy shed SFr50 to SFr4,160 and Sandoz firmed SFr100 to SFr15,500.

Engineerings and foods were mixed with a lower bias.

Paris continued to be haunted by concern about rising interest rates and stocks moved broadly lower for the fifth consecutive session. The CAC index lost 6.3 to 410.4 as a result of a mild sell-off.

Retailing and consumer goods were among the weakest with L'Oréal down FFr214 at FFr3,511 and BHV FFr28 lower at FFr475.

Brussels remained cautious as uncertainty over the coalition Government's handling of a linguistic dispute continued. The Brussels stock index dropped 11.86 to 5,128.56 despite selective interest from Japanese buyers.

Stockholm advanced across a broad front in heavy trading, buoyed by strong liquidity from portfolio managers on the last day of the third quarter.

All sectors moved higher on the day, with forestry companies and banks leading the way.

Oslo turned mixed with investors somewhat nervous after recent sharp losses. The all-share index slipped 0.16 to 420.45 on low turnover.

Milan saw interest switch from the Fiat group to Montedison as speculation mounted regarding the possible sale of one of the group's subsidiaries. The Milan stock index (MIB) gained 6 to 889 in fair trade.

Fiat, which posted higher sales and operating profits on Tuesday, advanced L25 to L11,625 but slipped back to L11,520 in post-close trading. Montedison climbed L70 to L2,265 while three Montedison companies – Standa, Montefibre and Rol – all boasted gains.

Madrid closed mixed after erratic gains and losses. The general index nudged up 1 to 311.24, reflecting gains in utilities and banks which offset sharply lower steel issues.

ASIA

Recovery in bonds nudges Nikkei higher again

TOKYO

A LATE technical rally of bonds sparked buying towards the close of the session in Tokyo yesterday, lifting the Nikkei stock average above 26,000 for the first time in a month, *writes Shigeo Nishiwaki of Jiji Press.*

The index inched up 12.88 points to 26,010.88, its sixth consecutive daily gain. Trading continued active, with 1,291.78m shares changing hands compared with Tuesday's 1,182.43m shares. Advances outnumbered declines by 538 to 387, with 115 issues unchanged.

The market got off to a weak start, reflecting the overnight downturn on Wall Street and growing concern over high prices after recent strong gains. The Nikkei average surged 1,131 points in the five trading days up to Tuesday.

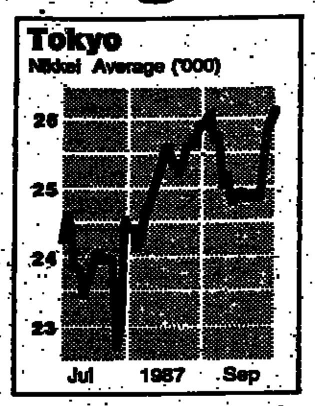
Buying by financial institutions and institutional investors, who closed their books yesterday with the aim of reporting higher earnings results for the year to September, also helped to lift Nikkei. A technical rebound of bonds also helped equities higher.

Large-capital steels attracted the bulk of trade. Nippon Steel remained the most active stock, with 170.83m shares changing hands, and closed Y9 higher at Y434 on late buying by dealers and institutions after opening Y7 lower.

Sumitomo Metal Industries, third busiest with 55.28m shares, firmed Y3 to Y336, Kawasaki Steel, sixth most active with 44.35m shares, was up Y6 to Y339 and Nippon Kokan, eighth with 34.72m shares, rose Y3 to Y356.

But some funds shifted from steels to large chemicals, reflecting growing anxiety over recent gains in steels. Showa Denko, second busiest with 55.68m shares, climbed Y35 to Y787 after hitting Y790 at one stage on heavy buying for quick profits. Ishihara Sangyo advanced Y31 to Y850, Mitsui Toatsu Chemicals rose Y10 to Y779 and Sumitomo Chemical was up Y9 at Y945.

Paper-pulps were also sought in reaction to higher product prices. Jujo Paper increased Y50 to Y705 and Sanyo-Kokusaku pulp advanced Y34 to Y714.



High-tech issues closed mixed, with four issues among the 10 most active. Toshiba, fourth busiest with 54.25m shares, gained Y2 to Y817 and NEC, seventh with 35.77m shares, was up Y30 at Y2,430. However, Hitachi, fifth with 48.60m shares, shed Y30 to Y2,810 and Matsushita Electric Industrial, 10th with 23.63m shares, slipped Y30 to Y2,810.

Financials, electric power utilities and properties lost ground with Mitsubishi Trust and Banking falling Y150 to Y3,850 and Yamaichi Securities Y120 lower at Y2,250.

Bonds bounced back on late short-covering by dealers. Rumours that the Ministry of Finance intends to look into dealers who have continued margin-selling also encouraged buying.

The yield on the bellwether 5.1 per cent Government bond due in June 1996 fell from Tuesday's 6.145 per cent close to 5.725 per cent after hitting 5.575 per cent at one stage in block trading on the Tokyo Stock Exchange. It later rose slightly to 5.740 per cent in inter-dealer trading.

On the Osaka Securities Exchange (OSE), the OSE stock average added 101.02 points to 26,413.08 on volume of 167.80m shares, up 87.11m shares from the previous day.

HONG KONG

A RUSH OF overseas interest primed by strong domestic buying sent Hong Kong prices broadly higher to record levels. The Hang Seng index rose 84.16 to 3,943.64. Turnover was up to HK$3.48bn from Tuesday's HK$3.21bn.

Hongkong Land starred in a strong property sector with a 55 cent rise to HK$9.45. It benefited from market rumours that either Japanese or Chinese interests were poised to buy a stake in the group.

Other gainers included Mr Li Kashing's group of companies, which have been held back by their recent rights issues. Cheung Kong added 20 cents to HK$13.20 and Hutchison Whampoa 50 cents to HK$15.50. Hongkong Electric was 20 cents firmer at HK$10.80.

AUSTRALIA

BUFFETTED by the weaker gold price and erratic trade in the futures market, Sydney share prices continued to retreat in heavy trade. The All-Ordinaries index closed 15.0 lower at 2,247.6.

Golds fared worst in the sell-off, with Renison giving up 60 cents to A$16.10 and Consolidated Exploration 25 cents to A$4.55. Kidston dipped 20 cents to A$7.50 and Newmont 10 cents to A$3.70.

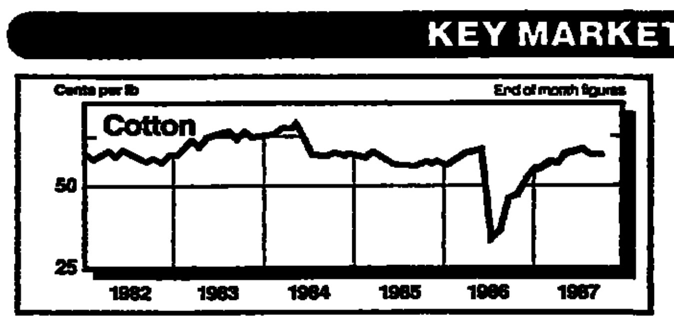
Takeover speculation still haunted CSR, which slid 3 cents to A$4.75 in heavy trade.

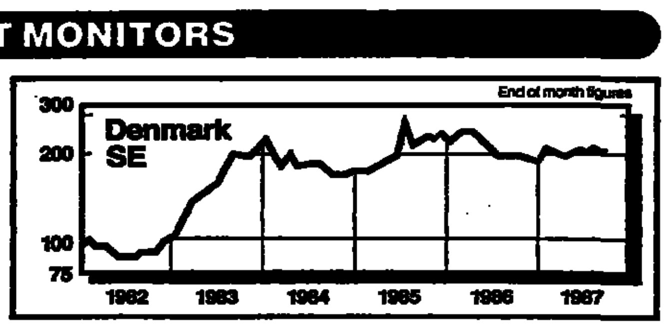
SINGAPORE

CONTINUED profit-taking in the absence of any fresh market leads extended losses in Singapore. The Straits Times industrial index fell 13.28 to 1,398.28 in trade of 16.1m shares, down from Tuesday's 25.5m.

Plantation issues continued to slide, with blue chip Sime Darby giving up 14 cents to S$3.40 in heavy trade. Consolidated Plantations fell 10 cents to S$3.10, while Harrison was off 15 cents at S$5.30.

KEY MARKET MONITORS





STOCK MARKET INDICES

NEW YORK	Sept 30	Prev	Year ago
DJ Industrials	2,584.37*	2,590.57	1,767.58
DJ Transport	1,044.65*	1,037.14	800.38
DJ Utilities	197.31*	196.84	199.71
S&P Comp	321.13*	321.69	231.32
LONDON FT			
Ord	1,853.7	1,849.8	1,251.7
SE 100	2,366.0	2,368.3	1,555.80
A All-share	1,206.89	1,208.47	777.10
A 500	1,323.85	1,323.33	855.18
Gold mines	453.1	456.9	321.5
A Long gilt	9.95	9.99	9.89
World Act Ind (Sept 29)	136.79	137.94	96.29
TOKYO			
Nikkei	26,010.88	25,998.0	17,852.9
Tokyo SE	2,136.81	2,139.15	1,517.28
AUSTRALIA			
All Ord.	2,247.6	2,263.0	1,246.9
Metals & Mins.	1,400.9	1,420.0	627.5
AUSTRIA			
Credit Aktien	227.84	227.51	237.49
BELGIAN SE			
SE	5,128.50	5,140.40	3,801.54
CANADA			
Toronto			
Met & Mins.	3,372.8*	3,371.7	2,143.59
Composite	3,904.8*	3,909.7	2,979.3
Montreal			
Portfolio	1,935.97*	1,941.41	1,500.50
DENMARK SE			
SE	na	206.68	156.36
FRANCE			
CAC Gen	410.40	416.70	379.5
Ind. Tendence	105.80	107.80	91.07
WEST GERMANY			
FAZ-Aktien	639.60	642.89	658.70
Commerzbank	1,964.20	1,976.30	1,966.2
HONG KONG Hang Seng	3,843.64	3,859.48	2,068.44
ITALY Banca Comm.	–	–	738.18
NETHERLANDS ANP CBS			
Gen	na	–	276.4
Ind	na	–	275.3
NORWAY Oslo SE	–	562.28	370.68
SINGAPORE Straits Times	1,398.20	1,411.50	804.26
SOUTH AFRICA JSE			
Golds	–	2,270.0	1,845.0
Industrials	–	2,239.0	1,379.0
SPAIN Madrid SE	–	310.24	197.91
SWEDEN J & P	3,111.00	3,054.20	2,437.21
SWITZERLAND Swiss Bank Ind	718.40	720.60	542.4

COMMODITIES (London)

	Sept 30	Prev
Silver (spot fixing)	458.65p	464.40p
Copper (cash)	£1,133.50	£1,144.50
Coffee (Nov)	£1,287.00	£1,310.00
Oil (Brent Blend)	$18.69	$18.625

GOLD ($/oz)

	Sept 30	Prev
London	$459.25	$460.25
Zurich	$459.05	$459.75
Paris (fixing)	$459.58	$458.54
Luxembourg	$459.25	$459.75
New York (Dec)	$459.20*	$464.40

CURRENCIES (London)

	US DOLLAR Sept 30	Previous	STERLING Sept 30	Previous
$	–	–	1.6255	1.6285
DM	1.8435	1.8395	3.00	2.995
Yen	146.45	146.15	238.0	238.0
FFr	6.135	6.1225	9.9725	9.97
SFr	1.5340	1.5285	2.495	2.49
Fl	2.0730	2.0685	3.37	3.37
Lira	1,328	1,327	2,158.75	2,161
BFr	38.20	38.15	62.10	62.15
C$	1.3085	1.3100	2.1265	2.1330

INTEREST RATES

Euro-currencies (3-month offered rate)	Sept 30	Prev
£	10⅛	10⁹⁄₁₆
SFr	4⅛	4¼
DM	4⁷⁄₁₆	4⅞
FFr	8⁵⁄₁₆	8⅛
FT London Interbank fixing (offered rate)		
3-month US$	8⅝	8⁹⁄₁₆
6-month US$	8½	8⁹⁄₁₆
US Fed Funds	7⅝*	7⅛
US 3-month CDs	7.95*	7.925
US 3-month T-bills	6.645*	6.91

FINANCIAL FUTURES

Sept 30	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	81–13	81–24	81–07	81–22
US Treasury Bills (IMM) $1m points of 100%				
Dec	92.66	92.77	92.61	92.70
Certificates of Deposit (IMM) $1m points of 100%				
Dec	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.39	91.40	91.32	91.47
20-year National Gilt £50,000 32nds of 100%				
Dec	114–21	114–23	113–13	113–31

US BONDS

Treasury

	September 30 Price	Yield	Prev Price	Yield
8⅛ 1989	99¹⁵⁄₃₂	8.621	98²⁷⁄₃₂	8.518
7 1994	92²¹⁄₃₂	9.488	93	9.621
8¼ 1997	93¹⁴⁄₃₂	9.668	94	9.975
8¾ 2017	90²⁰⁄₃₂	9.831	91¹¹⁄₃₂	9.722

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	September 30 Return Index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	−0.03
1–10	154.63	+0.12	6.66	−0.03
1– 3	144.03	+0.07	6.37	−0.03
3– 5	157.57	+0.17	6.71	−0.03
15–30	193.58	+0.59	7.78	−0.03

Source: Merrill Lynch

Corporate

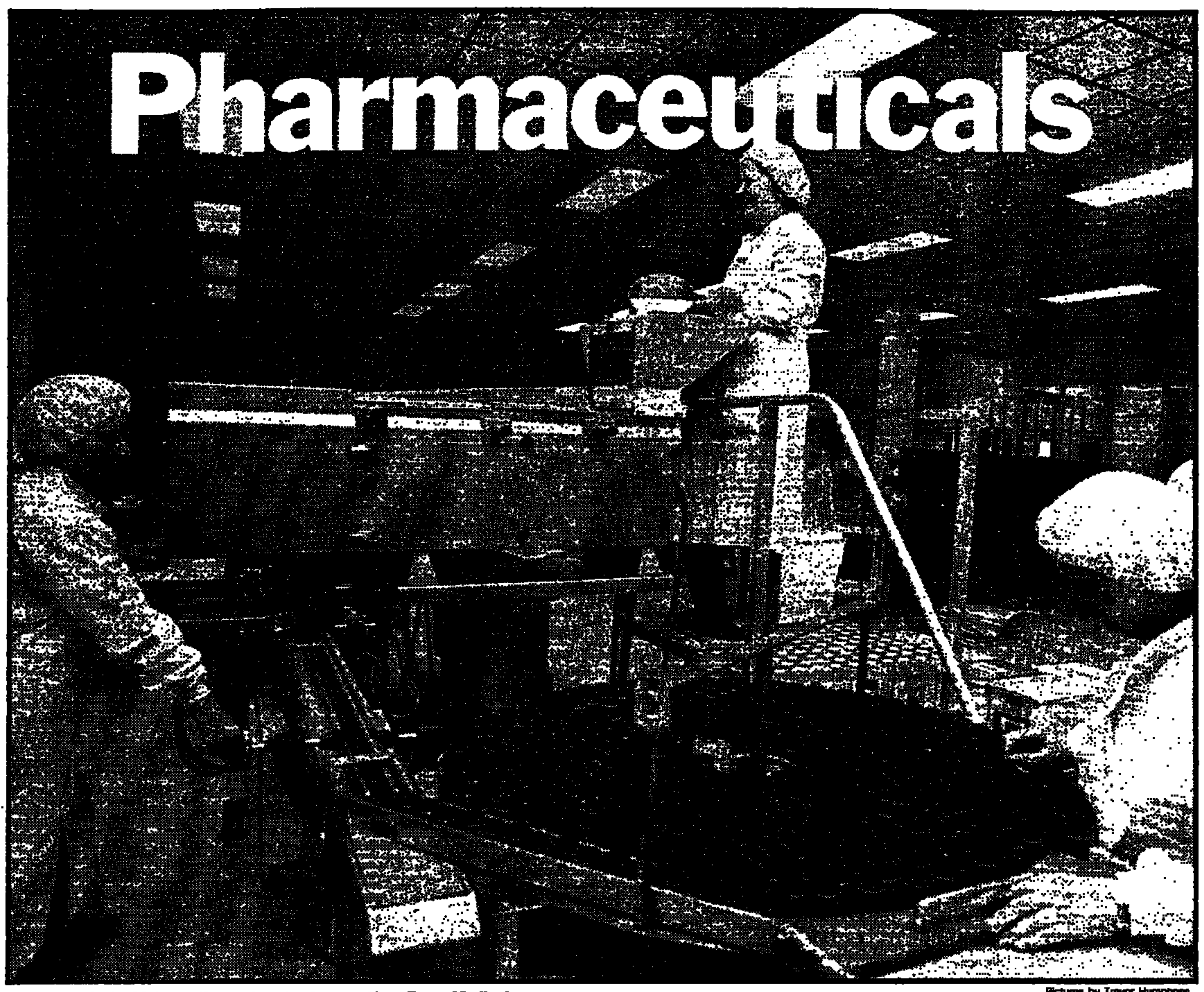
	September 30 Price	Yield	Prev Price	Yield
AT&T 3⅝ July 1990	91.75	7.25	91.875	7.20
SCBT South Central 10⅞ Jan 1993	100.75	10.69	100.875	10.65
Phibro Sal 8 April 1996	85.75	10.58	86.00	10.52
TRW 8⅞ March 1996	91.00	10.38	91.125	10.35
Arco 9⅞ March 2016	91.85	10.80	92.00	10.78
General Motors 8⅛ April 2016	76.45	10.80	76.875	10.74
Citicorp 9⅞ March 2016	83.70	11.30	84.00	11.25

Source: Salomon Brothers

* Latest available figures

SECTION III

FINANCIAL TIMES SURVEY



Pharmaceutical tablet counting and packaging machine, Evans Medical

Pictures by Trevor Humphries

The past 20 years have seen a series of breakthroughs. At the same time, demand for the drugs firms' products has increased. Public concern means, however, long product development cycles, and restrictions and price setting from government. **Peter Marsh** reports

Breakthroughs and red tape

PROSPECTS for the world's drug industries on one view shine with unalloyed brightness or, on another, are filled with gloom.

Between them, the industries have annual revenues of some \$100bn, a figure which has been growing at 5-10 per cent a year over the past decade. The more optimistic assumption is that the industry is poised to benefit from a singular mixture of circumstances in which both supply of ideas for products and demand from potential consumers is at an all-time high.

These new ideas are related to a series of breakthroughs over the past two decades in scientific understanding of how the human body works. Scientists believe they are close to comprehending some previously unexplained mysteries related to, for example, the workings of the brain and the role of the human genetic code.

A series of new treatments and drug types are likely to flow from such discoveries. This trend will be further reinforced by a new range of scientific tools now at the disposal of the pharmaceutical companies. The tools, which are loosely grouped under the label of biotechnology, are concerned with unpicking the threads of genetic material responsible for much of the body's operation. They give researchers the opportunity to study and treat disease at the molecular level.

The high demand for the drug firms' products stems from the increasing desire by people in most parts of the world to lead at least moderately healthy lives, with corresponding rises in health-related expenditure. Tied to this is the growing number of old people in many of the world's richer countries, leading to requirements for new and more potent medicines.

There are many areas of therapy which drugs companies have hardly touched upon yet, which, assuming enough science can be hurled at the problem, seem to hold huge potential, according to observers such as Mr Ian White from London-based stockbroker Greenwell Montagu.

Among these areas, says Mr White, are medications to alleviate conditions which are very common but largely untreatable by chemicals. These conditions include obesity, baldness and migraine.

A study of future prospects by Robert Fleming Securities, another London stockbroker, is equally bullish. The company sees high rates of growth over the next five years in several key therapeutic areas. Yearly sales of drugs to treat cardiovascular problems, which currently total about \$13bn a year, are likely to grow by some 15 per cent a year.

Similarly high sales increases are foreseen in other areas such as drugs to treat diabetes, arthritis and disorders of the brain and nervous system. In anti-viral drugs, including medications to alleviate Aids, Robert Fleming is also forecasting much commercial activity.

There is also, however, the more pessimistic scenario.

The drugs business operates under unusual conditions, and, consequently, has restricted room for manoeuvring into a bright and profitable future.

The pharmaceuticals business is peculiar in the amount of government regulation with which it has to contend. Even the US and UK, for example, which in recent years have had a near-obsession with reducing the scope of government activities, show no sign of wanting to cut civil service interference in drug company activities.

This has come about because of increased public concern with ensuring that drugs are safe. Much of it happened in the aftermath of the thalidomide affair, and the worries are periodically fuelled by other well-publicised cases where drugs on the market have been linked to highly undesirable side effects, even deaths. The current rumblings about Opren, an anti-arthritic drug made by Lilly, fall into this category.

Drug companies are subjected to extremely long and expensive product development cycles in which their products have to undergo searching scrutiny to ensure they are safe. Added to this can be the role of government as a customer.

The state, rather than the individual consumer, in many countries foots most of the bill, through prescription charges, for drug purchases. It has the power to set the prices for the drugs.

Governments, which in many industrialised nations are under increasing pressure to reduce their spending, can eat substantially into pharmaceutical concerns' profits by applying cash squeezes.

The increased problems of regulation mean that, taking into account all the products which fail to come through testing, a new drug costs a company, on average, some \$100m to bring on to the market. A pharmaceuticals concern may have to screen 8,000 to 10,000 compounds to bring just one drug into production. This is because of the cumbersome trials process, as well as the intrinsic difficulties of looking for a potentially useful product out of the infinite number of chemicals that it is possible to synthesise or extract.

The annual research and development budgets of the drugs majors such as Merck Sharp and Dohme of the US, Ciba-Geigy of Switzerland, and Britain's Glaxo, therefore, commonly run to hundreds of millions of dollars. Such firms frequently spend 10 per cent or so of their turnover on research and are among the world's top employers of scientists.

State departments which pay for drugs (such as Britain's Department of Health and Social Security which, through the National Health Service, faces a yearly drugs bill of some £2bn) are increasingly enthusiastic to see cheaper, non-branded pharmaceuticals instead of branded products.

Non-branded, or generic products, can be made under licence after the patent life on the original medication has expired. A generics manufacturer can normally turn out its goods more cheaply because it does not have to foot the high R and D costs for the initial product development.

Overemphasis on generics substitution is unfair, say the drug companies. They say purchases of the cheaper substitutes will begin to eat into their sales if the proportion of generic drugs in countries' prescription bills becomes too high—in Britain it is about 15 per cent, while in the US it is 20 per cent. The companies are concerned that they will not be receiving sufficient compensation from governments for the huge efforts they make in the development.

Besides feeling that they do not get a fair deal from governments, drugs concerns worry that they are misunderstood by the public.

Earlier doubts about high pressure methods used to persuade physicians to prescribe certain drugs have been followed by controversy in recent years about use of animals in scientific experiments. The industry has countered this by pointing to the great benefits for humans which have followed the relatively small-scale use of animals.

The business has done more recently to tell the public about what it believes are the positive aspects of its activities, for example there have been advertisements in UK newspapers by the main trade body for the industry in Britain, the Association of British Pharmaceutical Industry.

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The industry has a remarkable record for innovation

Era of the second revolution

ALTHOUGH the pace of drug innovation has slowed, with barely 20 new chemical entities coming onto the market each year compared with almost 100 annually in the 1960s, the pharmaceutical industry can continue to take pride in its remarkable record of producing new types of medicines.

Moreover, after a relatively quiet patch in recent years, the dogged endeavours of the research laboratories now promise to usher in yet more new and valuable types of drugs—advanced in concept, chemically more complex than ever before, ingenious in the way they are "targeted" to specific parts of the body, superior in mechanism to medicines of the past.

We are at the beginning of what has been termed "the second pharmacological revolution." The first, reflecting discoveries at the intercellular level, was distinguished by the development of anti-infective drugs. The second, says Nicholas Wells, of the Office of Health Economics, will be based on enhanced knowledge of intracellular chemistry. "Effective medicines will become available for a range of hitherto untreatable or inadequately controlled diseases," he says.

The Nobel Prize-winning work of Sir Robert Vane on prostaglandins has paved the way for new treatments of vascular disease. Prospects look bright for new anti-virals. In the fields of auto-immune disorders, there is the hope of controling such conditions as insulin-dependent diabetes.

As the ways in which cancer cells promote their own survival become better understood, more cancers will become susceptible to chemotherapy. And genetic engineering with hormones, enzymes, proteins and components of the immune system gives scientists new ways to explore the biochemistry of many diseases.

One area with great potential concerns the 100 known "receptors" in the brain. The prospect here is of a whole range of drugs for the central nervous system and the many conditions associated with it.

Among those who have invested heavily in this field is Merck Sharp and Dohme, with its Neuroscience Research Centre at Terlings Park, Harlow. "Our biggest project, a most difficult but exciting area, concerns the possibility of drugs that can prevent, halt or reverse the loss of memory and other functions caused by senile dementia, particularly Alzheimer's Disease," says the Centre's director, Dr Leslie Iversen.

This is of particular significance in the light of the rising proportion of people aged over 80 in the population. "We are trying to restore some of the chemical imbalances in the brain. We are not talking about cure at this stage, but about symptomatic relief and improving quality of life, as L-Dopa has done with Parkinson's Disease."

Work is also underway at Terlings Park on the protein-like chemical messengers known as peptides, particularly "Substance P," which transmits pain. In addition, a compound known only as MK 801, discovered a decade ago in the US and potentially usable in epilepsy, shows promise of helping to prevent some of the brain-damaging after-effects of a stroke.

Another range of drugs targeted at specific sites are new anti-depressants, such as Lilly Industries' fluoxetine, now in clinical trials. These act on receptors of the neurotransmitter serotonin (5HT3). 5HT3 antagonists have also been developed for migraine and schizophrenia.

Understandably, because they are not charities, pharmaceutical innovators tend to concentrate on the fields which are commercially most attractive. Two years ago, for instance, ICI decided to reduce the number of research areas in which it was working from eleven to six, "to maximise the chances of significant therapeutic advances." Glaxo has taken a similar decision, limiting its R and D scope to seven.

Heart drugs account for 13 per cent of the world's prescription medicines market, followed closely by anti-infection, antibiotic and antiviral products. Agents for central nervous system disorders and to counter arthritis are big sellers too, and ICI is also researching medicines for various forms of cancer and pulmonary conditions. Glaxo, with its money-spinning anti-ulcer H2 blocker Zantac (ranitidine), will continue research in the gastro-intestinal field.

Many new drugs for hypertension (high blood pressure) and other heart-related problems have come on the market or are well advanced in development. After beta blockers and calcium antagonists have come the angiotensin converting enzyme (ACE) inhibitors captopril and enalapril, which block the chemical systems in the body that help to raise blood pressure. These do not have the adverse metabolic effects associated with many other antihypertensives.

There is still considerable mileage in ACE inhibitors, and as part of a licence swapping agreement with Merck, ICI will next year launch lisonopril in Britain. 1988 will also see the advent of xamoterol, a cardiac stabiliser for the moderate early stages of heart failure, followed in 1989 by a new beta-blocker with "intrinsic sympathomimetic activity." This affords a high degree of tolerability to older patients.

Cholesterol-lowering agents are another important development in the heart field. Merck's lovastatin is an inhibitor of an enzyme involved in the synthesis of cholesterol, which is implicated in the development of heart disease. The Japanese firm Sankyo has a similar product under development.

Other drugs to counter heart attacks include Beecham's Eminase (acylated stretokinase plasminogen complex) which works by dissolving the blood clot causing the attack, speedily restoring full blood supply to the heart muscle. This marks a major advance, as the analogous current treatment, using the enzyme streptokinase, is extremely tricky to use.

A number of companies are busy developing anti-viral agents, notably Wellcome (with AZT for Aids), Roche and ICI. Japan's Ono Pharmaceuticals and ICI (in its worldwide cross-licensing agreement with Merck) are developing an inhibitor of aldose reductase, an enzyme which gives rise to such long-term complications of diabetes as damage to the eyes, nerves and kidneys. This should be on the market before 1990.

Several new products are aimed at conditions for which there is currently no satisfactory treatment, often because the side effects of existing medications are severe or because they are highly unpalatable, which lowers patient compliance.

Lovastatin is in this new class. Several companies are also well advanced in developing advanced anxiolytics which, unlike such predecessors as Valium, will not be addictive. Nor do they induce drowsiness or react badly with other medications or alcohol.

One important aspect of new drug types concerns not their chemical composition but their mode of action. Significant here has been the development of transdermal therapeutic systems, whereby a drug is released at a controlled rate into the bloodstream through the skin from a patch which looks like an ordinary adhesive plaster.

Among many advantages of this approach is that it minimises side effects because, unlike oral formulations, it bypasses the liver. Ciba-Geigy has been to the fore in marketing a patch for angina treatment, and has recently introduced a transdermal system which delivers the hormone oestrogen for conditions related to the female menopause.

In passing, it is worth noting the advent of a new class of drug—intended for those who are healthy. Japanese companies, for example, are investigating memory enhancers. Lilly's anti-depressant Prozac may help promote weight loss. And Upjohn has recently put a prescription-only hair restorer, minoxidil, on the market.

In sum, there is a lot round the corner in drug development. In a survey commissioned by Bristol-Myers of 227 leading bio-medical scientists, a majority predicted that by the turn of the century there would be a cure for Aids, cures in two cancer cases out of three, elimination of coronory bypass operations thanks to new drug therapies, the virtual disappearance of psychoanalysis as drugs take over in such fields as depression, anxiety states and psychoses, and an extension of life expectancy at birth to over 100 for both sexes.

However, no one foresees a cure for the common cold.

David Loshak

Beecham Biosciences Research Centre, Surrey: testing for a potential new medicine

Patents

Unwelcome thorn is soon to be removed

BEHIND the massive growth of the pharmaceutical business in the post-war years lies the key factor of patent protection. While in industries such as electronics and mechanical engineering patents are becoming less relevant to the commercial success of inventions, in pharmaceuticals patent lawyers are among the most valuable people in a company's workforce.

The difference in approach is explained by the special nature of the drug industries' output. In industries concerned with engineering products, the importance of a technical advance in, say, sensor technology or microchip production would be considerably reduced if the company concerned were unable to link it to other vital technologies concerned with the product as a whole.

There would, furthermore, be little point in patenting the advance if the company failed to attend to the complexities of marketing the product. These include both an evaluation of who exactly is likely to want the product and also its positioning in the market place in relation to competing goods.

In pharmaceuticals, however, the position is more clear-cut. A drug represents a single "stand-alone" product that does not have to be sold with other technologies for it to be a commercial success.

Assuming the drug represents a real scientific advance, marketing the product requires less energy, and probably less imagination, than is the case with comparable products in other industries. In addition, there is a lack of ambiguity about the chemical formula of a new drug that makes protecting the patent relatively easy.

For these reasons, the existence of strong patents is of fundamental importance to the drugs business. A corollary is that the industry may overreact to anything that might diminish the effect of patents.

The effective life of patents has been eroded over the past 20 years because of increased development times in the industry resulting from increased government regulation. In the early 1960s the time between the invention of a new therapy and its appearance on the market might have been no more than three or four years. Today the comparable time is 10-12 years.

Given a patent life of 20 years (in Western Europe) from the invention of a product, a company has 10 years or less to derive sales revenue from the drug to pay for development.

Research-based pharmaceutical companies are continually wary of makers of generic drugs—medications made to the same chemical formula as a branded product—eroding their profit margins by selling the rival products at lower prices after the patent life of the original item has expired.

Abolition of 'licence of right' is part of reappraisal

In Britain, the position is complicated by the "licence of right." This applies to the opportunity, resulting from a change in Britain's patents law in 1977, for generics manufacturers to take out licences for the production of copies of branded drugs in the four years before the end of the patent term. The licence is a continual thorn in the side of the UK industry—the Government plans to abolish it.

UK-based drugs companies, which include many foreign-owned concerns as well as the big British groups such as ICI, Glaxo and Wellcome, have in recent years pressed for a complete reappraisal of patent legislation in Europe.

These companies would like to see extensions in the life of patents to compensate for the way the developments are delayed by regulatory issues. One possibility would be to set the term of a patent from the time a drug is marketed, rather than from when it is invented. The patent life could thus be set at a optimum level that would give the companies extra protection.

This would bring the European patents position closer to what exists in the US—there patent life can be extended if drugs have taken a particularly long time to pass through regulatory hurdles.

Judging, however, by evidence which it gave earlier this year to the House of Lords science and technology committee, the UK industry does not feel particularly confident even of getting the subject aired in Parliament—let alone seeing the legislation changed. The Association of British Pharmaceutical Industry, a trade association for the drugs companies, said that "it regrets that it does not . . . appear possible for it to stimulate an informed and constructive debate [in Parliament] on the issue of intellectual property protection related to medicines."

In another area of patents, the legal protection given to biotechnology products will become increasingly important. The issue relates to the ease with which it is possible to patent these products—either the item itself or its production using a man-made process. There is some support for the view that a company may be able to patent a product, even if it is based on a chemical entity that is found in nature and is thus hardly novel, if it is made in a different way or if it is especially pure.

Few patents of his kind have, however, been challenged in the courts. One of the first cases was the recent hearing in London in which Wellcome successfully challenged a patent granted to Genentech, the US biotechnology company, relating to techniques for turning out tissue plasminogen activator (TPA), a naturally occurring substance which can be used to dissolve blood clots and so treat the victims of heart attacks.

The judge in this case ruled that Genentech's patent was invalid and Wellcome would not have to pay royalties to the company if it wanted to make TPA by similar methods. The dispute is not over, however: Genentech says it plans to appeal.

The Wellcome-Genentech battle is likely to be followed by other court actions as companies struggle over the rights to biotechnology-related products. According to observers such as Mr Peter Woods, a pharmaceuticals analyst at London stockbrokers Barclays de Zoete Wedd, the way the courts interpret biotechnology patents is likely to have a big impact on the way this technology influences the development of the pharmaceutical industry as a whole.

Peter Marsh

Development

Fine tuning picks winners

DRUGS companies are being forced to hone their development strategies to fit in with the increasing complexities both of designing new drugs and bringing them to the market place.

In turn this has led to a more selective approach with companies deciding as early as possible in their development routines which products they think are going to be the winners and which ones will fall by the wayside.

Helping the industry is a series of scientific advances which should, at least in theory, aid the task of coming up with new world-beating medications. Included in these advances is work in molecular biology, as well as better basic understanding of physiological disciplines such as immunology and neurology.

Assuming the pharmaceutical world's scientists can harness these tools with maximum efficiency, the job of reducing the industry's crippingly long-development times can be made easier.

Typically, it takes 10-12 years and spending of some \$10m-\$20m to bring a new formulation to the market place. Much of this time, after the initial discovery of the chemical entity, is taken up with various stages of increasingly rigorous trials on both animals and humans to test the drug's efficiency and to screen for possibly damaging side-effects.

The pharmaceutical company also has to satisfy government departments, such as the Food and Drug Administration in the US and the Department of Health and Social Security in Britain, that the new medication is safe to use. This task can take between one and three years and requires a mountain of documents for scrutiny by government officials.

The total development cycle has increased considerably in recent years. This has been largely due to the requirement for a longer period of testing because of public concern about new drug safety, stoked by events such as the thalidomide tragedy.

A variety of problems can halt the development of a drug, even when clinical trials are well advanced. Mr Laurie Petty, director of technical marketing at Wellcome, the UK pharmaceutical company, recalls one occasion in recent years when "we were due to start marketing a new drug on Monday and we pulled it out on the Saturday" due to the discovery of adverse side-effects.

"It's a high risk business," says Mr Petty. "Products can fall down at any time."

While highlighting such factors and also the effects of the much stiffer government regulations concerning safety, the drugs industry also often expresses concern about the periodic squeezes on its profits by the government health departments which are usually its main customers.

Reflecting views in the drugs business, a recent report from IAL, a London-based consultancy, said that government-inspired restrictions on profits were "threatening the continuation of research and development and hence the introduction of new and valuable products . . . In all, a healthy balance must be achieved to permit the pharmaceutical majors to generate sufficient cash to support innovation and product development."*

Much of this type of comment can be looked upon as somewhat self-serving—given that general levels of profitability in the pharmaceuticals industry appear fairly good—and so should be taken with a large pinch of salt.

Even so, the reactions by many companies to the perceived threat to profits have been real enough. To increase the chances of useful and money-earning products coming through the development cycle, they have attempted to concentrate more energies on what appear to be the winners, as a result reducing the numbers of products that are taken through clinical trials.

This basic thrust, according to Dr Peter Read, chairman of the health and agriculture division of the UK subsidiary of Hoechst, the West German chemical giant, adds up to a need for greater selectivity in product development.

"There is a general recognition that companies have to take decisions [about which drug projects to support] earlier in the development cycle. There has been a broad swing at Hoechst to narrowing our focus of activities. It means taking some tough decisions about shutting down at an early stage research projects which are showing no signs of success or which appear to be peripheral to the company's main activities."

This greater selectivity, according to Mr Ian White, a financial analyst at Greenwell Montagu, a London stockbroking firm, is behind the reductions in the number of new formulations, called new chemical entities, coming through to the marketing stage each year.

Taking figures for the West German market, about 80 new formulations a year were introduced during the 1960s. By the late 1970s, this had fallen to an average of about 50 a year.

Mr White believes that this trend has more to do with companies' product development strategies than with, as is widely assumed, the difficulties of getting products through increasingly tough regulatory hurdles.

A range of scientific tools has helped this greater accent on selectivity. While 20 years ago drugs firms were forced to cast around for new chemical entities and then test their effect on health problems—a "scatter gun" approach which automatically meant more formulations entered the development pipeline—today scientific procedures are much more precise.

*Outline of the Pharmaceutical Industry in Europe, IAL, 14, Buckingham Palace Rd, London SW1W 0QP. £200.

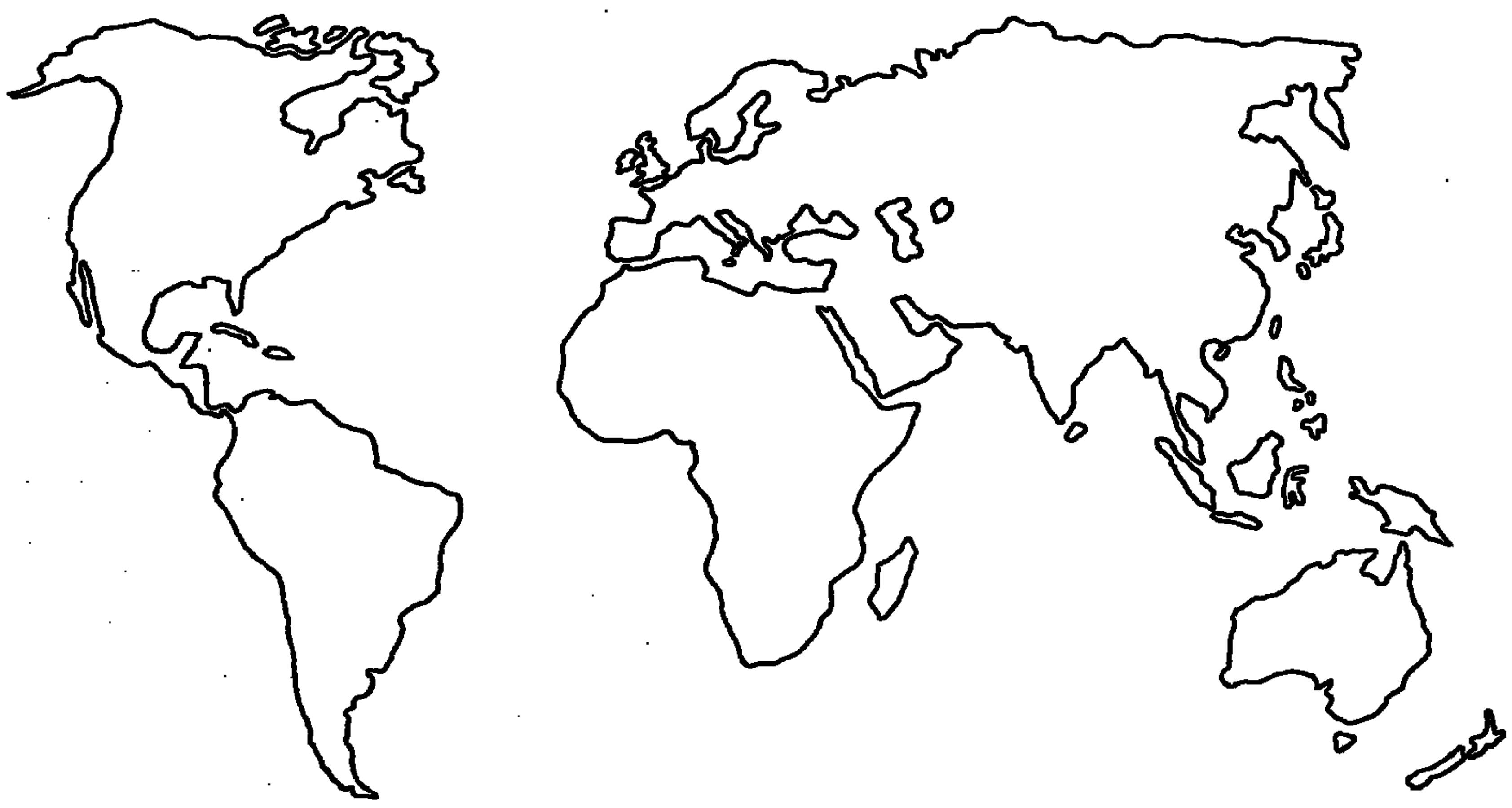
P.M.

Top branded products worldwide

Brandname	Generic Name	Company	Therapeutic Category	Therapeutic Indications	Revenues 1986E ($m)
1 Zantac	ranitidine	Glaxo	H^2 antagonist	Ulcer	1,091.0
2 Tagamet	cimetidine	SmithKline Beckman	H^2 antagonist	Ulcer	1,014.0
3 Tenormin	atenolol	ICI	Beta blocker (cardioselective)	Hypertension	712.0
4 Capoten	captopril	Squibb	ACE inhibitor	Hypertension/CHF	510.0
5 Feldene	piroxicam	Pfizer	NSAI	Arthritis	500.0
6 Voltaren	diclofenac	Ciba-Geigy	NSAI	Arthritis	500.0
7 Naprosyn	naproxen	Syntex	NSAI	Arthritis	472.0
8 Ceclor	cefaclor	Eli Lilly	2nd gen oral cephalosporin	Hospital infections	365.0
9 Claforan	cefotaxime	Hoechst	3rd gen cephalosporin (inj only)	Hospital infections	362.0
10 Dyazide	triamterene/ hydrochlorothiazide	SmithKline Beckman	Diuretic (potassium sparing)	Hypertension/CHF	350.0
11 Keflex	cephalexin	Eli Lilly	1st gen oral cephalosporin	Respiratory/Urinary tract infections	351.0
12 Krestin		Sankyo	Immunostimulant	All cancers	333.0
13 Ortho-Novum	mestranol/ norethisterone	Johnson & Johnson	Oral contraceptive	Contraception	330.0
14 Kefral	cefaclor	Shionogi	2nd gen oral cephalosporin	Respiratory/Urinary tract infections	328.1
15 Aldomet	methyldopa	Merck	Antihypertensive	Hypertension	325.0
Amoxil	amoxycillin	Beecham	Semi-synthetic penicillin	Urinary tract/Middle ear infections	325.0
Mefoxin	cefoxitin	Merck	2nd gen cephalosporin (inj only)	Hospital infections	325.0
18 Ventolin	salbutamol	Glaxo	Bronchodilator	Asthma	311.0
19 Adalat	nifedipine	Bayer	Calcium antagonist	Angina/Refractory hypertension	310.0
20 Valium	diazepam	Hoffmann-La Roche	Anxiolytic (benzodiazepine)	Anxiety	297.0
21 Erythrocin	erythromycin	Abbott Laboratories	Macrolide antibiotic	Respiratory infections	278.0
22 Procardia	nifedipine	Pfizer	Calcium antagonist	Angina/Hypertension	266.0
23 Lopressor	metoprolol	Ciba-Geigy	Beta blocker (cardioselective)	Hypertension	260.0
24 Vasotec	enalapril	Merck	ACE inhibitor	Hypertension	260.0
25 Hydergine	co-dergocrine mesylate	Sandoz	Cerebral stimulant	Senile dementia	248.0
Rocephin	ceftriaxone	Hoffmann-La Roche	3rd gen cephalosporin (once daily)	Hospital infections	248.0
27 Cardizem	diltiazem	Marion Laboratories	Calcium antagonist	Angina	245.0
Lasix	frusemide	Hoechst	Diuretic	CHF/Hypertension	245.0
Xanax	alprazolam	Upjohn	Anxiolytic (benzodiazepine)	Anxiety	245.0

Source: Robert Fleming Securities

Those countries ahead of Britain in pharmaceutical research are shaded blue.



It's no accident that all three of the world's best-selling medicines were developed in the UK.

After all, one pound in every ten spent world-wide on pharmaceutical research is spent in the United Kingdom by British-based companies.

In fact, the industry devotes more of its earnings to research and development than any other in this country.

And judging by our £850 million trade surplus in medicines, this certainly helps to keep Britain in the pink.

THE BRITISH PHARMACEUTICAL INDUSTRY.
HELPING TO KEEP BRITAIN HEALTHY.

abpi

Biotechnology

Future is bright

ASK THE average person how many medicine chests they have in their households and they would immediately think of their bathroom cabinets. Few would respond by pointing to their own bodies, a store of tens of thousands of naturally occurring substances with huge power to *stifle disease.*

The most important naturally occurring compounds are the proteins, highly complex organic chemicals comprising hundreds, if not thousands, of chains of linked amino acids. Proteins, of which there are thought to be about 50,000 in the human body, play a vital role in cell reactions which cause the body to grow and to fight off illness.

Unfortunately, knowledge of the intimate details of proteins—how they are synthesised and how they combine with other molecules in the body—is extremely limited.

Modern biotechnology may improve matters. It is a family of procedures concerned with understanding how the *behaviour of* proteins and other organisms is governed by the body's genetic code—the sequences of chemicals in deoxyribonucleic acid (DNA) a vital constituent of every living cell.

These methods promise to produce techniques to determine which of the myriad of compounds secreted naturally in the human body can be used, perhaps in higher concentrations than occur naturally, to attack illnesses. From this may come processes to turn out the chemicals in large enough quantities to be useful as drugs.

A second, probably more important, aspect to biotechnology concerns not the products which it may make available but the greater understanding that it promises to give to researchers working on conventional drugs—that is those based on chemicals not produced naturally.

"Biotechnology should be looked at as a toolkit for picking apart disease at a molecular level," says Mr Tom Kiley, vice president for corporate development at Genentech, a US company which was one of the first of the wave of *biotechnology start-ups in the* 1970s.

There is a lot of hope attached to biotechnology, largely because much of it is so new. The techniques on which it is *based were invented only in* the past 15 years. Only about a dozen drugs derived from biotechnology methods are on the market, though a lot more are in the pipeline.

Yet analysts such as Mr David MacCallum, head of health-care research at Hambrecht and Quist, the US investment bank, believe the potential of the technology for the drugs industry is immense.

Mr MacCallum thinks that by 1995 half of all health-care pro-

Only about a dozen drugs derived from biotechnology methods are on the market although many more are now in the pipeline

duct development will use biotechnology methods. "The period from 1940-1990 in medicine will be looked upon as the age of the synthetic organic chemical," says Mr MacCallum. "From around 1991 or 1992 new medicines based on biotechnology will signal the start of a new era."

In modern biotechnology, much depends on finding out about the sequences of chemicals in DNA. These sequences, *broken down into shorter* lengths of material called genes, consist of arrangements of just four compounds known as nucleotide basis. One gene could contain several thousand such bases.

The arrangement of the bases in the genes is important in two ways. The sequence in an individual gene provides the "blueprint" of a particular protein. Second, it contains the necessary information required by the body's cellular mechanisms to turn out that protein—assuming the gene is "switched on" in the correct way.

The proteins have a variety of jobs. They can act as structural entities within cells or as catalysts for the production of other proteins. They can act as regulators of bodily functions (some hormones fall into this category) such as through causing blood to clot to prevent people bleeding to death after being wounded.

Another important role of certain proteins, called antibodies, is to destroy biological entities such as viruses which come from outside the body and can cause the destruction of cells.

Much of modern biotechnology consists of ways of snipping apart lengths of DNA, using chemicals called restriction enzymes, and then of determining the make-up of the genes so exposed. Researchers may then *also be able to use similar* methods, often classified under the general label of genetic engineering, to stitch together genes in such a way that they turn out proteins outside the human body, making available new drugs as a result.

Such, at any rate, is the reasoning of the big pharmaceutical companies and also of investors in small start-up biosciences concerns, all of which have poured massive sums of cash into biotechnology over the past decade.

Among the big companies in this category are Merck, Lilly, Upjohn, Sqibb, Syntex, SmithKline and French in the US, Britain's ICI, Wellcome and Glaxo and Ciba-Geigy, Hoffman La Roche and Sandoz in Switzerland. In the US alone, it is estimated that $3bn has been invested in start-up biotech-based enterprises, of which some of the best known include Genentech, Biogen, Cetus, Centocor, *Amgen and California* Biotechnology.

Of the dozen or so biotechnology-derived drugs in the market place, hardly any are "blockbusters" in the sense that they offer radical advances in the cures for diseases.

Rather the products—which include human insulin, useful for diabetics; interferon, which may prove valuable in fighting cancers; and growth hormone, a therapeutic agent for people suffering from restricted growth—are largely materials that scientists have known about for years but which can be turned out to some degree more easily using biotechnology methods.

The developments which are now progressing up the research and development pipeline appear, however, highly promising. One of the drugs with the highest potential may be the interluekin family, a set of proteins which may have the ability to modify illnesses such as cancer or Aids and on which, according to a biotechnology directory by PJB Publications*, no fewer than 40 *or so companies* around the world are working.

** Healthcare Biotechnology Company Profiles, £90, PJP Publications, 18-20 Hill Rise, Richmond, Surrey, UK, TW10 6UA.*

P.M.

Searching for the weapon to destroy the HIV virus

Aids is difficult to remedy

THE SEARCH for medications to treat Aids highlights the general difficulties of combating the effects of viruses.

Of the hundreds of thousands of viruses capable of affecting the human body, physicians have detailed knowledge of relatively few. Medical science has yet to come up with a full explanation of how viruses attack cells, making the job of curing virus-born disease relatively difficult.

Aids is caused by a complicated virus called HIV, short for the human immunodeficiency virus. Like other viruses which cause diseases such as measles, smallpox, rabies and yellow fever, HIV is a tiny packet of genetic material surrounded by a protein envelope.

The reasons for the near-panic caused by Aids is that HIV is more damaging, and also harder to combat, than most *other viruses.* The virus is especially unpleasant because it attacks specific cells in the body called T-4 cells which are an active part of the body's immunological defence system.

Hence an attack by Aids can destroy the mechanisms inherent in the body for dealing with other infections. This is one reason why people affected by Aids often die from secondary medical conditions which are not normally fatal.

The HIV virus also seems to be particularly good at attacking brain cells. It may lie dormant for many years before its activity is triggered into action in a way which is still largely a mystery.

All viruses are parasites. They need a foreign cell to grow. They attack rather like an aircraft hijacker, by infiltrating a biological cell and forcing it to comply with their own requirements, which in this case is to turn out more viruses. This disrupts the body's natural mechanism for producing healthy cells and by this means growing and resisting disease.

In this the mode of operation is quite different from the *action of bacteria, the cause of* other types of illnesses. Bacteria have a full range of metabolic machinery and are quite capable of existing on their own.

These organisms have no need to interfere with animal or plant cells by fusing with them. Rather, it is normally the byproducts of bacterial decay which spark off a bacteria-carried disease.

Being relatively well formed organisms, bacteria are fairly easy to combat, using drugs which interfere with their own reproduction systems. For a virus, there are far fewer points of attack. Drugs such as penicil*lins and other* antibiotics which are good at killing off bacteria, are useless against viruses.

Another difficulty is the fact that viruses work by getting inherently mixed up with the body's growth processes. Anything that is directed at the virus once it is in the body will be almost certain to damage human cells as well. It is only in the past five years, as a result of research into highly specific modes of attack, that researchers have had any success in targeting strikes as virus-infected cells.

Most virus-born diseases which have succumbed to medical advances—smallpox for example—have been treated by vaccines, rather than by drugs which seek to combat the illness *once it* has started. Vaccines work by stimulating the production in the body of proteins called antibodies which strike at viruses before they can do damage.

In a process analagous to a lock and key mechanism, a specific antibody will normally strike only at a particular virus by "recognising" the protein structure of the virus's outer *envelope.*

Unfortunately for work related to Aids, the HIV virus is difficult to vaccinate against. Its outer coat of proteins seems periodically to undergo subtle change and so it *is* difficult to provide the antibodies which will focus on this external casing and thus destroy the virus.

A fortunate aspect to many viral diseases like colds and influenza is that, normally, they are not too serious. Thus if few medications have any effect in treating these ailments—as opposed to alleviating their symptoms—no one is too worried.

Aids, of course, is different. Virtually everyone who has so far contracted the disease has either died or will do so soon. *The spread of AIDS over the* past few years has had a big effect in stimulating not only research into anti-AIDS formulations but into virus-born disease in general.

Only a handful of anti-viral drugs are on the market. They are used mainly to treat sexually transmitted ailments such as herpes and hepatitis. World sales of these drugs in 1986, according to Robert Fleming Securities, the London stockbroker, came to some $250m, which, by pharmaceutical industry standards, is tiny. Due to the impact of AIDS, and also *to a better scientific understanding* of virus-linked diseases generally, the stockbroker forecasts sales to increase by about 36 per cent a year to 1991, at which point total revenues would be $1.1bn.

Wellcome, the UK drug company, is a key player in the anti-viral drugs business. It launched the first drug, Zovirax, to have any significant success as an anti-viral agent. In 1986 Zovirax accounted for an estimated 80 per cent of total sales in this field.

Zovirax, which is used against ailments like herpes and shingles, works by blocking the activity of a key enzyme which catalyses the production of virus-infected cells. The drug is highly specific, affecting only *those cells in which the virus is* present and leaving unharmed other, healthy cells.

Wellcome has also developed Retrovir, the only drug so far to be licensed anywhere to treat AIDS. This operates in a similar way to *Zovirax,* by blocking the effects of an enzyme called reverse transcriptase which plays an important part in the replication of the AIDS virus *once it has* become rooted in a human cell.

Other companies which are working on other anti-AIDS treatments, some of which use similar strategies to Retrovir, include Astra, whith a product called Foscavir; Hoffman-La Roche, with dideoxycytidine (DDC); and Newport Pharmaceuticals, with Inosiplex. Another company, ICN, also believes that a drug called Virazole which it markets for other viral infections may be useful as an anti-AIDS agent.

Biotechnology-derived pro*ducts, such as* interleukin-2 *and* interferon, on which a number of companies including Genentech, Glaxo, Immunex and Cetus are working, may, it is thought, also offer some anti-AIDS properties.

P.M.

Diagnostics

D-I-Y tests on the way

ADVANCES IN simple-to-use, chemical-based diagnostic techniques are likely to have a bigger impact on people's lives than almost any other aspect of the health-care industry.

It may soon be possible for people to walk into their local pharmacy and buy home kits to test for a variety of diseases, from cancer to sexually transmitted ailments. The kits will work along similar lines to the ones now marketed which test whether a woman is pregnant or fertile.

In one aspect of this trend that has been seen in particular in the US, companies and insurance organisations are increasingly turning to kits of chemicals to test whether indi*viduals are likely to develop* Aids and other diseases that are triggered by genetic factors. Those tested would either be prospective employees or people wishing to take out a health-insurance policy.

Lab tests for diseases may lead to home kits

Chemicals-based diagnostics is distinct from diagnostics techniques centred on body measurements, X-ray scanning or nuclear magnetic resonance for example. The chemicals methods take samples of body fluids such as urine or blood and add to them reagents to detect specific substances which can indicate a medical condition. The presence of these substances is shown by an easily determined change, such as a colour change or an increase in a factor like acidity which can be measured by an instrument.

Chemicals diagnostics, also called in-vitro diagnostics, is related to pharmaceuticals development by the similarity *of the techniques used in either* activity. Many of the big names in drugs manufacturing are among the leaders in the diagnostics industry.

As in the mainstream drugs business, biotechnology is becoming important in diagnostics. With biotechnology methods, scientists can with great precision select the chemical characteristics of the substances in the reagent. These, in turn, can then be used to identify, with a high degree of sensitivity, chemicals in the body fluid.

As a result, diagnostic methods are becoming more precise and can be used to earmark a wider range of conditions. The techniques are an increasingly vital tool in hospitals and medical laboratories.

In one new area of the diagnostics business, companies are developing gene probes, reagents containing short strips of deoxyribonucleic acid or DNA. These strips bind to other DNA lengths in human cells to test whether an individual has a genetic defect that makes them susceptible to a specific illness such as cancer or heart disease.

The fastest moving segment of the market in chemical diagnostics methods—which was worth a total of about $6bn worldwide last year, the sum including both chemicals and monitoring instruments—comes under the heading of immunoassays. *These are procedures in which* chemists aim to take advantage of the natural antigen-antibody reaction that takes place between certain "paired" compounds.

Major participants 1985

Company	Diagnostics revenues	Market share
	$m	%
Abbott Labs	579	10.5
Boehringer Mannheim	500	9.1
SmithKline-Beckman	350	6.4
DuPont	350	6.4
Miles/Bayer (AMES)	275	5.0
Cooper Technicon	265	4.8
Hoffman-La Roche (Roche Diagnostics)	250	4.5
Becton Dickinson	177	3.2
Baxter/American Hospital Supply (Dade)	110	2.0
Eastman Kodak	100	1.8
Pharmacia	93	1.8
Syntex (Syva)	89	1.6
Sub Total	3,138	57.0
Amersham	48	0.9
Other	2,314	42.1
Total worldwide market	5,500	100.0

[1]Excludes scientific and analytical products.
[2]Excludes Vacutainer, plater media and labware.

Source: Robert Fleming.

Immunoassay techniques account for world sales of about $1bn a year. Much of this market, growing at 10-20 per cent a year, consists of sales of kits of chemicals which can be handled by non-scientists, even ordinary people in their homes.

The company with biggest worldwide sales in immunoassays (and in chemical diagnostics generally) is Abbott Laboratories of the US. Other leading companies in chemical diagnostics include SmithKline Beckman, Syntex, Du Pont and Eastman Kodak, also of the US, Boehringer Mannheim of West Germany, Sweden's Pharmacia and Wellcome and Amersham International in Britain.

The principle of immunoassays *stems from a highly* important aspect of nature, the body's biological defence mechhanism.

In any person or animal, proteins called antibodies are stimulated by the body's immune system to fight off attacks by viruses which take on the role of the antigen. The antibodies mop up their antigen "pairs" by *forming* chemical bonds with them.

These reactions are highly specific. Only those antibodies with which an antigen is paired bind with it, in much the same way as only certain keys fit into a particular lock.

In the most common kind of immunoassay technique, chemists add to a sample fluid a reagent containing specific antibodies. The latter could be monoclonal antibodies, pure mixtures of identical antibodies produced by biotechnology methods or, alternatively, they could be "polyclonal"—in which case they contain a variety of slightly different antibodies.

If the fluid contains a virus or some other substance to which the antibody is paired, an antibody-antigen complex is formed, the presence of which is indicated by a labelling method. In this, a chemical label, which *can be easily detected,* is attached to the complex as part of the chain of reactions initiated by the immunoassay procedure.

When immunoassays were first developed in the 1960s, the labelling was achieved using radioactive isotopes. Due to the difficulties of handling even mildly radioactive sources, this meant immunoassays were confined to laboratories. No one other than skilled scientists could handle the techniques.

More recently, immunoassays have become far more ubiquitous, largely due to more "user friendly" labelling methods. One of the most common involves a set of enzyme reactions which are set in train by the appearance of a specific antibody-antigen complex and which produces an easy-to-spot colour change.

Aids has given enzyme-based immunoassays a boost. Most blood banks in the developed world use immunoassay kits, the cost of which normally works out at a few dollars a test, to screen out samples of blood which contains Aids antibodies.

These Aids kits first came on to the market only in March 1985, with Abbott the first com*pany into the field. It is still by* far and away the leader. According to Robert Fleming Securities, the London stockbroking firm, world sales of Aids kits for blood banks came to only £20m in *1985, although the firm* expects this figure to increase fivefold by 1990.

Strong growth in sales of these kits is also expected as a result of demand from other organisations such as insurance companies. In the US kits can also be bought over the counter from pharmacists.

Simple-to-use diagnostics kits of this kind have introduced more than an element of controversy. Some civil rights organisations, especially in the US, have expressed fears that employers could use these tests on a large scale to check for signs of ill health (or the possibility of ill health in the future) among current or would-be emloyees.

Results from the tests, whether accurate or not, could play a big part in decisions over recruitment. The fears are all the greater in the discussion about gene probes, *a kind of* test little used now but (assuming technology continues to bring down costs and increase reliability) likely to be widespread in the 1990s.

P.M.

R and D costs are prohibitive for all but the biggest companies

Daunting investment needed

WITHOUT RESEARCH, the pharmaceutical industry, more than any *other, is nowhere.*

Too little research would render it financially stagnant, because competition is essentially by product rather than price. And, *of course,* patients depend on drug company research for new, better and safer medicines, as they have done now for several decades of remarkable breakthroughs by the laboratories. The menace of Aids alone highlights the vital importance of pharmaceutical R and D.

Yet, a *number of factors* have conspired to raise the costs of this work to levels where it has become prohibitive for all but the biggest companies — the league which contains such giants as ICI, Glaxo, Wellcome, Merck Sharp and Dohme, and Ciba-Geigy.

A few have managed to keep the trend at bay by dint of individual flair — smaller companies such as that founded by the brilliant Belgian innovator Paul Janssen continue to achieve striking results. But when it comes to the invention, and then the marketing, of new drugs in the major therapeutic areas, the scale of investment required is daunting for all but the biggest.

In 1970, the British pharmaceutical industry put £29m into research and development. By 1980, this sum had risen ten*fold. It has since almost doubled* again.

Even when adjusted for inflation, such figures show a remarkable escalation. The *amount the industry now spends* on R and D is equivalent to almost one-third of NHS purchases, compared with less than one-tenth a generation ago.

The capital costs alone of recently-opened pharmaceutical research units in Britain such as MSD's Neuroscience Centre near Harlow, or Ciba-Geigy's Advanced Drug Delivery Research Unit at Horsham, run into millions — with little prospect of any return for years. Glaxo recently completed a biological research building costing £15m, is at work on a pharmacy facility costing £44m and is planning a major R and D unit in the US.

Building costs of new laboratories have risen much faster than inflation because of the need for such increasingly sophisticated facilities as environmental control of animal houses, high performance fume cupboards and advanced computerised equipment.

But there is much more to it than capital outlay. Research in pharmaceutical companies differs from most research in universities or research institutes, where it is usually concerned with fundamental scientific knowledge associated with the cause and mechanism of diseases. In pharmaceutical companies, it concentrates on advancing scientific knowledge which assists the conception and development of chemical entities with which to treat diseases.

Such research produces, in any one project, hundreds or even thousands of new compounds. The only way to determine their properties is to conduct appropriate biological tests — on each one.

Research has become a victim of its own success

A typical case history, quoted earlier this year in a National *Economic* Development Office report on pharmaceutical R and D, was provided by the Swiss multinational Sandoz. Over a period of two to three years, it synthesised 10,000 compounds. Only seven ever reached the stage of being evaluated in man and, of these, only one, after 12 years, was marketed. The total R and D cost was some 90m Swiss francs.

In the case of Smith Kline and French's anti-ulcer chemical cimetidine, marketed under the brand name Tagamet, the best-*selling medicine of all time,* the quest for an H2 receptor antagonist was at one stage nearly abandoned, so hopeless did it seem.

Thus, in pharmaceutical research, resources have not been concentrated only on likely successes. Considerable time and corresponding amounts of money had to be allowed for a significant amount of research that was, while essential, unproductive.

"That approach is simply just not *on anymore," says Dr Peter* Doyle, technical director and deputy chairman of ICI Pharmaceuticals. "Studies must be much more structured and targted, much more *selective* in what you test."

It is a far cry from the legendary (and possibly apocryphal) spore reputed to have drifted in through Fleming's Paddington window, leading to the discovery of penicillin. These days, chance finds like that are even less likely than they were.

There are several other factors which require research to be more "selective." For a start, concern about harmful side effects has led governments to tighten regulations for the testing and use of medicines.

This has contributed enormously to the development time, and therefore development costs, of new products. In *1970,* the average *interval* between the discovery of a new chemical entity and marketing was six years or less; today it is 12 years or more.

What that means for research and development budgets is that more has to go on "D," leaving less for "R." In the case of ICI, for instance, which is *planning to devote* more than £2,000m to R and D over the next decade, the split a decade ago was 55-45, whereas today it is more like 70-30.

The proportion devoted to research, that is, has fallen by a third, although of course the spend has greatly increased. Likewise, Glaxo will be doubling its research budget to £350m annually by 1992, but development will take an even greater slice.

Then, the industry has become subject to Good Laboratory Practice regulations associated with the generation and documentation of pre-clinical data. Similar principles may be introduced for the conduct and recording of clinical trials.

The costs of equipping and staffing pharmaceutical R and D departments have risen too. Most research-based companies *estimate that, with on-costs* included, each research scientist costs some £50,000 a year on average—less than in Switzerland and the US but a lot none *the less.*

Finally, in a key respect, pharmaceutical research has become a victim of its own success. Because so many diseases have been vanquished or brought under control, research now focuses on the least understood and often extremely complex physio-chemical processes *of the human mind and body.*

Instead of looking for compounds and testing them, the main approach to drug discovery is "rational"—deciding what needs to be done therapeutically and then designing a compound that does it. That is what Sir James Black achieved with cimetidine, having already invented the first beta-blocker for heart disease.

This rational approach not only requires a deeper understanding of body and disease processes if it is to be productive, but calls for acts of faith on the part of boards of directors—a readiness to make huge investments knowing that 12 or more years later, if these fail to come up with the goods, they may have to be written off.

It comes to this. Companies are scrutinising research costs more critically than every before. *But that does not mean* cuts—far from it. More money is being put into research than ever before, too.

At the same time, there are *powerful imperatives,* both economic and scientific, which restrict the extent to which research and researchers can be "adventurous," imaginative, tangential and, therefore, potentially serendipitous—offering the prospect of the occasional unexpected breakthrough.

That has always been the very stuff of discovery and invention, in the pharmaceutical area no less than in scientific exploration generally, and no one wants to lose it. Companies are alive to these modern limitations.

Glaxo, for example, is deliberately seeking to offset them by undertaking research in several countries, to obtain the benefits of cultural diversity. ICI, while narrowing the focus of its research to certain therapeutic areas, encourages individual researchers within those areas to exercise their flair, to develop their own ideas.

David Loshak

Profile: Beecham

The search pays off

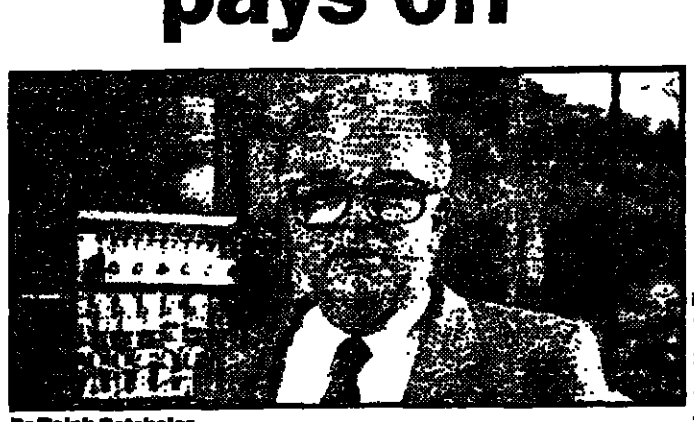
IF ANYONE wanted confirma*tion of the fact that drugs* development is both a long-term business, and one where serendipity plays a major part, they would find it in one aspect *of the performance over the* past decade of Beecham, the UK's fourth biggest drug company.

It relates to the development of Eminase, a drug due to appear on the market in the US and UK over the next couple of years, and which could turn out a big money maker for Beecham in what, for it, *is* a new area of therapy.

Beecham emerged as a pharmaceuticals concern of note only in the 1960s, largely as a result of its discovery in 1959 of a new family of penicillins. This opened the floodgates to a series of developments in antibiotics, from which Beecham made its name in the drugs world. Today, antibiotics account for more than half of the company's annual pharmaceuticals sales of some £1bn.

In the early 1970s, Beecham decided antibiotics were looking other areas of medicine that appeared promising. One was *cardiovascular* therapy, in particular techniques to deal with heart attacks by dissolving the blood clots which cause these by blocking the arteries.

Only now, however, are those decisions beginning to pay off. Beecham has a range of promising drugs nearing the end of the research pipelines which look as though they may be *future* winners.



Dr Ralph Batchelor

One of them is Eminase, marketed now only in West Germany. Eminase *is injected* into a patient over a period of five minutes. Within 45 minutes, the company says, the clot should have dissolved, producing a quick and fairly simple method of dealing with heart attacks.

The drug has received a favourable reception. Eminase is "a breakthrough product," says Barbara Arzymanow, an analyst at Greenwell Montagu, the London stockbrokers. According to a forecast by another stockbroker, Robert Fleming Securities, Eminase should achieve worldwide sales of $250m a year within five years of launch.

Credit for the drug, should sales proceed as well as expected, will probably go to the new management team installed at Beecham after the highly publicised ousting of Sir Robert Halstead as chairman in November 1985. Sir Robert, and *others deposed in this coup,* might feel a little rueful, given that the crucial decisions behind the development were taken a long time ago.

Eminase also illustrates that much of drug development is based on chance discovery, born from giving scientists (at least in the early stages of the development cycle) a *relatively* free hand.

In the early 1970s, Dr Joseph Green, one of Beecham's scientists, who is now retired, was working on ways to improve the properties of enzymes, the proteins that catalyse reactions in the human body. He started looking at the behaviour of plasmin, an enzyme that is important in dissolving fibrous materials. Soon it became plain that the work could have an impact on breaking up the fibre in clots.

The work led on to studies into an enzyme called anisolated plasminogen streptokinase activator. It was found that *a synthesised chemical based* on this naturally occurring material could work extremely quickly in attacking the fibrous materials—and out of this, some 10 years of exhaustive clinical trials later, came Eminase.

If there is any moral in the story, says Dr Ralph Batchelor, head of the Beecham unit which co-ordinates research and marketing work in pharmaceuticals, it is that drug companies' researchers "need to do unfocused work. You have to let some of your best scientists play around."

Peter Marsh

Profile: Evans Medical

Investing in generics

IN AN industry dominated by *research-based multinationals,* manufacturers of generic drugs, copies of branded products on which the patents have expired, normally have a low profile.

Tensions inevitably exist between them and the research-based companies. There are often claims that the generics manufacturers unfairly exploit the years of research and development effort put in by the drugs majors by indulging in heavy price cutting with the facsimile products.

The strains have become more marked in recent years as a result of the efforts of government health departments, as part of the drive to reduce their drugs bills, to persuade more doctors to prescribe generic rather than branded products. Some 10 per cent of the £2m annual spending of the UK's National Health Service is accounted for by generic products, which are normally cheaper than their branded counterparts.

In Britain there have been accusations that some elements *of the generics industry consist* of companies which, having taken out licences on off-patent *products, make the medications* overseas where manufacturing costs are lower and then make a quick killing by selling the products very cheaply to the health service.

One generics producer anxious to counter this image of this section of the industry is Evans Medical, which is based in *Horsham, and which with* companies such as APS, Cox (which is owned by Hoechst) and CP (part of Fisons) is one of Britain's biggest producers of *generic drugs.*

Until October last year, Evans was owned by Glaxo, Britain's biggest pharmaceuticals concern. After Glaxo had decided *to opt out of the generics side of* the industry, it sold Evans for £27m to a group of managers backed by a consortium of banks.

In recent years, Evans has turned itself round from making losses and has grown steadily. In 1981 it was in the red with sales of £5.4m. In 1986, UK sales were £26m, with a further £4m in exports, and the company made a profit of nearly £4m. About half the sales are generic prescription-only drugs, with the rest accounted *for by two other* areas, *over-the-counter* products (which need no prescription) and vaccines and related items like sterile fluids which are injected into the body.

Mr David Moffat, Evans's managing director, is concerned that some sections of the generics industry has a poor image and would like to see tougher Government-administered licensing controls to tighten up on companies that supply these types of products to the health service. He would like to see the manufactring standards of all generics producers brought up to the levels of the big research-based multinationals.

As evidence of his own company's attitude towards manufacturing, Mr Moffat points to a £5.8m investment programme taking place in Evans's two main factories, in Horsham and Liverpool. The programme is just under half completed and should be finished in 1988. The Liverpool factory's quality standards, says Mr Moffatt, have recently satisfied the criteria of the US Food and Drug Administration, which means it can prepare to export products to the US market.

P.M.

Japanese internationalisation

Company	Exports % Revenues (1985)	Significant Product Licensing	Foreign Joint Ventures	Foreign Subsidiaries/ Investments
Chugai	1.9%	**Sucralfate** to: Marion (USA) Ayerst (UK, Brazil, Mexico) Nordisk (Canada) Roussel (France) E Merck (W Germany) Bromeco (Argentina) Pharmos (Finland)	Roussel (France)	UK, US: (representative offices)
Daiichi	7.8%	**Tranexamic acid** to: Knoll (W Germany)	Malinckrodt (US) Imbaxcra (Mexico)	US (insignificant sales)
		Ofloxacin to: Hoechst (Europe) J & J (USA, Canada, Australia) Glaxo, Sigma Tau (Italy)		
Eisai	6.5%	**Ubidecarenone** to: Zambon (Italy)	Sandoz (50%) (Austria, Switzerland, W Germany) Other JV's in Philippines, Indonesia, Malaysia, Singapore & Thailand	US: Eisai Ltd (insignificant sales)
Fujisawa	5.2%	**Cefazolin** to: Eli Lilly (US) Bristol Myers (US) SmithKline-Beckman (US)	SmithKline-Beckman (US)	US: LyphoMed (26%) W Germany: Klinge Pharma (28%)
Sankyo	1.3%	**oxazolam** to: Sandoz (Switzerland) Byk Gulden (W Germany)	Unichem (India)	Others: (Thailand Taiwan) USA: (insignificant sales)
		cefmetazole to: Antibioticos (Spain)		
Shionogi	1.5%	**moxalactam** to: Eli Lilly	None outside Japan	USA W Germany (insignificant sales)
Takeda	7.1%	**molsidomine** to: Hoechst (Europe)	Abbott (N America) Lederle (Italy)	Mexico USA
		leuprolide to: TAP (US, Canada)	Roussel (France) Grunenthal (W Germany)	
		cefmenoxime to: TAP (US, Canada)		
		cefotiam to: TAP (US, Canada) Ciba Geigy (Worldwide) Roussel (France)		
		cefsulodin to: Ciba Geigy (Europe) TAP (US, Canada)		
Tanabe	11.9%	**diltiazem** to: Marion (US) Synthelabo (France, UK)	Marion (US and Canada) Glaxo (Switzerland)	None
Yamanouchi	5.2%	**nicardipine** to: Syntex (Spain, US)	Eli Lilly (US and Canada)	None
		famotidine to: Merck (US, Europe)		
		cefotetan to: ICI (US, Europe)		

Source: Jardine Fleming (Tokyo)

Japan

Optimistic but still some way to go

IN INTERNATIONAL terms, the Japanese pharmaceutical industry is still in the minor league. Whether it can catch up to emulate the impressive global performance of Japanese companies in electronics, cars and factory machinery will be one of the more interesting industrial issues over the next decade.

While virtually everyone in the West is familiar with the products of companies like Sony and Toyota, the names of Takeda, Sankyo and Tanabe, three of Japan's biggest drugs concerns, elicit blank stares among all but cognoscenti of the world's pharmaceuticals industry.

The reason is straightforward. Only about 3 per cent of Japan's drugs industry is exported, compared with ratios of more than half for the electronics and vehicles businesses. Only one Japanese name, Takeda, appears among the World's top 20 drugs companies measured in terms of revenue. The top-selling Japanese drug, Krestin, which is used to treat cancer and is produced by Sankyo, occupies a lowly twelfth position in the latest league table of the world's leading branded drugs, compiled by Robert Fleming Securities, the London stockbroker.

While Western industrial observers purr with admiration, and sometimes envy, when describing the research and development performance of Japanese companies in areas like consumer goods and machine tools, they tend to be dismissive of the Japanese research effort in drugs.

David MacCullum, director of health-care research at Hambrecht and Quist, the US investment bank, says the Japanese drugs industry "still has a great deal of ground to cover" before it matches up to the performance of companies in the US and Europe. "The tradition of research in biology and chemistry in Japan has not been on the same level as the country's excellent work in physics and engineering," says Mr MacCallum.

A report last year on the Japanese drugs industry by Robert Fleming Securities was faintly damning on future prospects for the business. It found that of 121 new drugs being developed for the Japanese market only 10 appeared to have significant international potential, measured in terms of having possible annual sales of $50m or more. "Despite intensifying pressures to internationalise, the Japanese face formidable barriers, both cultural and scientific, if they are to develop new drugs suitable for international markets," said the report.

A mixture of factors, embracing technology and economics, could change matters. First, Japanese chemical and pharmaceutical companies are pouring large sums of cash into developments in biotechnology. This is the general name for techniques to turn out useful substances, among them drugs, modelled on naturally occurring proteins. Many believe that biotechnology will alter fundamentally the world's drug industry.

Much of the Japanese biotechnology effort dates to 1981, when the ubiquitous Ministry of International Trade and Industry set up a biotechnology rsearch programme to finance R and D in this area. It set aside Y26bn to fund work in private industry over 10 years.

Among the Japanese drugs companies in the vanguard of work in biotechnology are Takeda, Shionogi, Ajinomoto and Chugai. Takeda has linked with Hoffman LaRoche, the Swiss drugs company, to work on biotechnology-based methods of making interferon, a protein produced by the body in minute quantities and which is thought applicable to treating a range of diseases.

Of the companies outside the established pharmaceutical industry, Mitsubishi Chemical Industries, one of Japan's biggest producers of bulk chemicals, has taken an especially ambitious stance towards biotechnology. It has set up its own life-science research institute working in areas such as genetic engineering and chemical techniques that could produce new ways to diagnose almost instantaneously diseases like cancer.

Other large Japanese chemicals companies that have demonstrated their anxiety to diversify into biotechnology-based pharmaceuticals include Toray, Kyowa Hakko and Mitsui Toatsu Chemicals.

Whether the work in this area comes to anything remains to be seen. According to Ryuchi Fujita, an economist at the Long-Term Credit Bank of Japan, who monitors high-technology industry, the foray into biotechnology is part of the general effort by Japanese drugs concerns to step up their efforts in basic science. The research effort will take some time to show through in terms of products, he says, but "there is growing optimism that based on this new emphasis on science the Japanese pharmaceutical industry can emerge as among the world's leaders."

Encouraging the trend towards an increased accent on innovation in the Japanese pharmaceutical industry is an ageing population. For the next few decades, the country will contain an above-average concentration of old people, a factor which automatically will produce a high demand for medications of all kinds. "Everyone stops [work] here at 55; after this there's an outstanding wish to stay alive," says Henk Dennert, a Tokyo-based business consultant who expects demographic trends to play a big part in boosting the fortunes of Japan's drugs companies.

Then there is an increased desire by Japan's regulatory authorities to introduce more competition into the indigenous drugs industry, by forcing through price cuts and increasing the proportion of generic drugs (which have the same formulation as branded products and which often cost less) that are sold on prescription.

Such measures, it is thought, are likely to make the Japanese drugs industry less inclined to be content with supplying the home pharmaceuticals business, and look more towards coming up with new medications targeted overseas. The domestic market has been growing fast in recent years and has been difficult for foreign companies to penetrate.

One way in which the Japanese pharmaceutical concerns have demonstrated their increased willingness to consider export markets has been through international tie-ups. Examples have been joint ventures between Fujisawa, Takeda, Yamanouchi and Tanabe—four of Japan's top drugs companies—with four leading overseas companies: respectively, SmithKline Beckman, Abbott, Eli Lilly and Marion Laboratories.

By such mechanisms, analysts believe that Japanese companies may be able to learn some of the necessary rudiments to marketing their products in the West and also coping with overseas regulatory issues, something which, so far, they have shown little sign of mastering.

Assuming the lessons are learned, some observers believe that the best way for Japanese health-care companies to proceed, if they are really serious about wanting to emulate their counterparts in industries like electronics, is to tap the large potential markets in the West for generic drugs.

Peter Marsh

Equipment

Speeded by computer chemistry

AN ARRAY of sometimes exotic technology is available to help pharmaceuticals companies in their principal activities of scientific research and materials analysis and processing.

Much of the equipment centres on applications of computers, in areas such as data analysis, production of new designs for drugs or the logging of information from instruments.

Computer-aided chemistry of this kind promises to help drugs companies both to speed up the development of new products to keep closer checks on the efficacy of medications either on or reaching the market.

Both these areas are becoming highly important to the pharmaceutical industry as a result of pressures such as increased competition, tougher government regulations and more complex challenges in terms of the more difficult medical conditions the industry is trying to tackle.

Another set of equipment aiding the pharmaceutical industry, particularly those parts which are concerned with biotechnology-derived products, involves novel processing systems which use modern techniques in fermentation or materials separation.

Probably the most spectacular technical help comes from the new generation of computerised modelling systems which have become available in the past five years.

With these systems, specialised versions of the computer-aided design equipment used in many areas of the engineering industry, researchers can produce on computer screens three-dimensional pictures of molecules they might wish to create in their laboratories to do a specific job.

Often these molecules — particularly in work to design new or modified substances based on naturally occurring organic substances such as proteins — can be very complex. They could consist of hundreds, if not thousands, of linked chains containing specific atoms.

To depict these molecules using pen and paper, or with the time-honoured method in laboratory chemistry, that of building up a physical model with bits of plastic, would be next to impossible.

With the computer systems, which use special modelling software that runs on powerful computers made by companies such as Digital Equipment or Appollo, the shapes can be built up by pressing a few buttons on a keyboard.

The technique can save researchers weeks, sometimes months, of effort as they seek to come up with the shapes of new drugs to combat particular medical conditions.

Two of the leaders in supplying such systems are Chemical Design of Oxford, England, and Molecular Design, based in San Leandro, California. Chemical Design, which sells a modelling package called Chem-Graf, has customers around the world including Du Pont, Kodak and BASF.

Molecular Design, formed in 1978, five years before the Oxford company, has annual sales of $12m and customers include Hoechst, Boehringer Ingelheim, Dow, Glaxo and Ciba-Geigy.

The next step from software which produces images of real or imaginary chemicals is to store this data, along with other scientific information, in such a way that it is instantly recoverable. The other data could encompass information from clinical trials, experimental data or text describing the properties of other drugs either on sale or in the research stage.

Besides selling the modelling programs, Molecular Design has developed other software which enables researchers to integrate all these other types of information.

The data, comprising words, chemical formulas and graphical depictions of molecules, can be flashed up on to a computer screen in what could be called "scientific word processing."

In Britain, meanwhile, ICI's pharmaceuticals division has produced its own system, called Sapphire, for doing much the same job.

Still in the area of computers, DLB Systems, which is based in Cambridge, England, has carved out a niche in the past couple of years selling microcomputer-based systems to help the drug industry in the management of the trials necessary in the 10 years or so before a new medication comes to the market.

Steve Jolley, managing director, says he has been surprised by how little use established drugs concerns have made to date of computers for jobs such as assimilating the vast amounts of information derived from these trials. Similar systems can be used to track "adverse drug reactions"—signs of ill-effects from patients treated with particular pharmaceuticals after the products go on sale.

In the area of instrumentation, new techniques to separate and identify chemicals in the laboratory are speeding up methods of purification and synthesis.

Some of the biggest advances are taking place in instruments known as liquid chromatographs, which separate liquids according to the degree with which they are absorbed by materials such as tiny spheres of silica or polymers.

Early liquid chromatographs were little more than strips of blotting paper, down which liquids flowed. The different rates of passage of the individual components in the mixtures ensured they separated out one after another, rather like a stream of cars being filtered in groups past traffic lights.

Today's liquid chromatographs have become a lot more sophisticated. They include miniature and precision-engineered pumps to push metered volumes of liquid through the separation procedure, together with mircro-computers for speedy analysis of data.

Some of the most sophisticated items of laboratory equipment, sold by companies such as Applied Biosystems, Millipore, and New Brunswick of the US, and Sweden's Pharmacia, involve integrated sets of instruments (often based on liquid chromatography) which automatically separate or identify complex molecules such as lengths of DNA, the basic genetic threads of life.

Such machines, used particularly by companies like Genentech and Biogen which are at the forefront of work in genetic engineering, permit researchers to accomplish in a matter of hours experimental procedures that would take days or weeks with established chemical technology.

Linked, at least tenuously, to some of the work in instrumentation are large-scale separation and synthesis procedures which drugs companies are using for turning out products. In areas such as fermentation, materials synthesis based on cell culture techniques and separation centred on techniques like electrophoresis, companies have found they can sometimes scale up laboratory systems which are used for producing only small quantities of chemicals.

Ms Nancy Pfund, an analyst at the San Francisco office of Hambrecht and Quist, the US investment bank, says that these techniques have so far been used mainly in the biotechnology industry. But increasingly, she says, they will see application in mainstream pharmaceuticals and speciality chemicals.

"These industries will have to become more process-aware," says Ms Pfund. "They will have to move to better production methods as they face up to the competitive threat from low-cost producers and manufacturers of generic (non-branded) drugs."

Among the leaders in supplyig novel processing technologies in areas like separation and biotechnology-based synthesis are Invitron, Dionex, Biorad, Amicon, Verax and Bioresponse, all of the US, and the UK's Celltech.

P.M.

Liquid chromatography equipment in use at the Biosciences Research Centre, Great Burgh, Surrey

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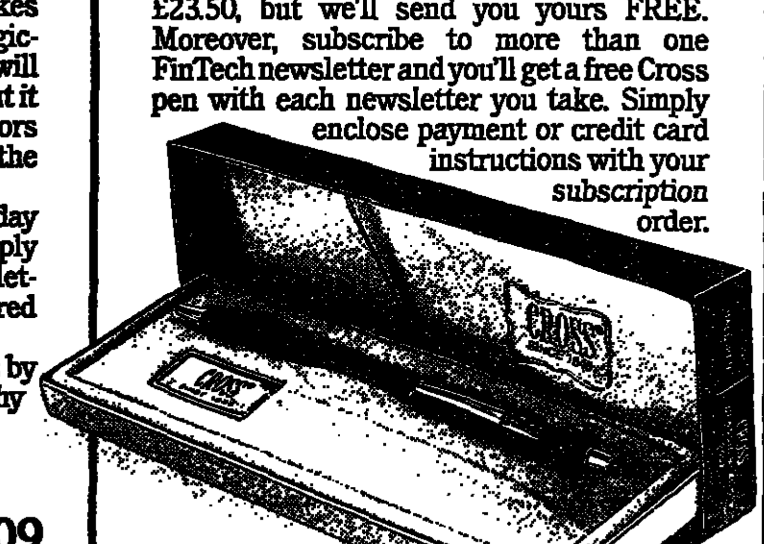

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